



PUBLIC DISCLOSURE

November 29, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Primis Bank

Glen Allen, 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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3325759

10900 Nuckols Road

Glen Allen, VA 23060

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: *Primis Bank* is rated "SATISFACTORY"

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

PERFORMANCE LEVELS	<u>PRIMIS BANK</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Low Satisfactory	X	X	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 activity reflects an adequate responsiveness to local credit needs when taking into account the number and amount of home mortgage and small business loans in the bank's assessment areas.
- A majority of the institution's reported Home Mortgage Disclosure Act (HMDA), small business, and small farm loans were originated within the bank's assessment areas.
- While the bank's geographic distribution performance varies by assessment area and product type, the overall geographic distribution of loans reflects good penetration 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 adequate penetration among customers of different income levels and businesses of different sizes.
- The bank exhibits an adequate record of serving the credit needs of low- and moderate-income individuals and geographies as well as very small businesses.
- The bank made an adequate level of community development loans within its assessment areas given its overall capacity to extend such loans.

- During the evaluation period, the bank made use of flexible lending practices in serving assessment area credit needs.
- The bank maintains an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, and is rarely in a leadership position. Overall, the bank makes occasional use of innovative and/or complex investments to support community development initiatives.
- The bank exhibits adequate responsiveness to credit and community development needs through its investment activity.
- Delivery systems and branch locations are reasonably accessible to the bank's geographies and individuals of different income levels in its assessment areas.
- The bank's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or low- and moderate-income individuals.
- Banking services do not vary in a way that inconveniences its assessment areas, particularly to low- and moderate-income geographies and/or low- and moderate-income individuals.
- 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

Primis Bank (PB) is headquartered in Glen Allen, Virginia, and operates 42 full-service branch locations in the Commonwealth of Virginia and the state of Maryland. The institution is a wholly-owned subsidiary of Primis Financial Corp. headquartered in McLean, Virginia. The bank’s previous CRA rating, dated April 1, 2019, was Satisfactory. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment areas.

As of September 30, 2021, the bank had assets totaling \$3.5 billion, of which 66.2% were net loans and 6.8% were securities. As of the same date, deposits totaled \$2.8 billion. Various loans 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 September 30, 2021, is represented in the following table:

Composition of Loan Portfolio

Loan Type	9/30/2021	
	\$(000s)	%
Secured by 1-4 Family dwellings	607,331	26.2
Multifamily	153,310	6.6
Construction and Development	109,762	4.7
Commercial & Industrial/ NonFarm NonResidential	1,347,052	58.2
Consumer Loans and Credit Cards	36,213	1.6
Agricultural Loans/ Farmland	10,722	0.5
All Other	50,194	2.2
Total	2,314,584	100.0

As indicated in the preceding table, PB 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 eight assessment areas in the Commonwealth of Virginia, the state of Maryland, and the District of Columbia. Since the previous evaluation, the bank has closed five full-service branch locations. None of these full-service branches were located in low- or moderate-income census tracts and branching activity, since the previous evaluation, primarily impacts middle- and upper-income census tracts. Tables reflecting the current composition of the bank’s eight assessment areas and recent branching activity are included in **Appendix E**.

SCOPE OF EXAMINATION

PB 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) and small business lending activity reported by PB from January 1, 2019, through December 31, 2020, was reviewed. PB's small farm lending performance was not evaluated because the bank originated a comparatively small volume of such loans within its assessment areas during the evaluation period.

Qualified community development loans originated or renewed from April 1, 2019 (the date of the most recent CRA evaluation) through November 29, 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 PB and does not include the activities of any other affiliates.

The bank serves eight 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 four assessment areas:

- Washington-Arlington-Alexandria, DC-VA-MD-WV MSA
- Richmond, VA MSA
- Virginia Beach-Norfolk-Newport News, VA
- Essex, VA NonMSA

The state ratings are based only on the performance in the assessment areas subject to full scope review, but excludes activity in the multistate assessment area, as it is rated separately. The Charlottesville, VA MSA, Clifton Forge, VA NonMSA, Shenandoah, VA NonMSA, and Surry, VA NonMSA assessment areas were all subject to limited scope evaluation procedures and a determination was made as to whether performance is consistent with the assigned overall state rating. **Appendix D** includes information detailing the lending volume, branch locations, and deposit volume by assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The institution's overall rating is based on the ratings assigned to the multistate metropolitan area and the Commonwealth of Virginia. 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. 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 Commonwealth of Virginia. As such, the performance in the Commonwealth of Virginia is weighted more heavily than performance in the multistate metropolitan area when considering the institution's overall performance ratings.

LENDING TEST

The bank's overall lending test performance is rated Low 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 2019 and 2020 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	17	0.3	1,572	0.2
Home Purchase	298	5.3	122,470	18.3
Multi-Family Housing	6	0.1	3,635	0.5
Refinancing	194	3.4	96,715	14.5
Loan Purpose Not Applicable	0	0.0	0	0
Other Purpose Closed-End	52	0.9	7,383	1.1
Other Purpose LOC	0	0.0	0	0
Total HMDA related	567	10.0	231,775	34.7
Small Business	5,061	89.6	431,335	64.7
Small Farm	22	0.4	3,986	0.6
TOTAL LOANS	5,650	100.0	667,096	100.0

Overall, the bank’s lending levels reflect adequate 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 determining 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 September 30, 2021, PB’s loan-to-deposit ratio equaled 80.5% and averaged 97.4% during the ten-quarter period ending September 30, 2021. Since June 30, 2019, PB’s assets and deposits have experienced reasonable growth (26.6%, and 31.5%, respectively), while net loans have experienced nominal growth (5.7%).

According to 2020 aggregate data, PB ranked 251st out of 1002 reporters in HMDA lending with a .03% market share and ranked 19th out of 367 reporters in small business lending with a 1.2% market share. The bank’s comparatively high market share ranking for small business lending indicates the bank is an active lender within its combined assessment areas.

To meet the credit needs of its various assessment areas, PB 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 and underserved middle-income census tracts or promote economic development. The following is an example of an accommodative loan program that the bank utilized to be responsive to community credit needs.

- Paycheck Protection Program (PPP) – Through participation in the Small Business Administration’s PPP, the bank offered loans designed to help businesses keep their workforce employed during the coronavirus (COVID-19) crisis. During 2020, PB originated 2,585 PPP loans totaling \$213.1 million.

While many of these loans have been reported by the bank as community development or small business loans, they also exemplify PB’s responsiveness in meeting the credit needs of its assessment areas. PB 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, 2019, through December 31, 2020, 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	207	69.5	74,606	60.9	91	30.5	47,864	39.1
Home Improvement	16	94.1	1,403	89.2	1	5.9	169	10.8
Refinancing	138	71.1	52,270	54.0	56	28.9	44,445	46.0
Multi-Family Housing	6	100.0	3,635	100.0	0	0.0	0	0.0
Loan Purpose Not Applicable	0	0.0	0	0.0	0	0.0	0	0.0
Other Purpose Closed/Exempt	48	92.3	5,552	75.2	4	7.7	1,831	24.8
Other Purpose LOC	0	0.0	0	0.0	0	0.0	0	0.0
Total HMDA related	415	73.2	137,466	59.3	152	26.8	94,309	40.7
Small Business	3,239	64.0	300,954	69.8	1,821	36.0	130,331	30.2
Small Farm	22	100.0	3,986	100.0	0	0.0	0	0.0
TOTAL LOANS	3,676	65.1	442,406	66.3	1,973	34.9	224,640	33.7

As indicated in the previous table, a majority of the total number (65.1%) and dollar amounts (66.3%) 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 2019 and 2020, PB originated 22 small farm loans totaling \$4 million within its assessment areas. During the same period, the bank reported 3,239 small business loans (\$301 million) and 367 HMDA loans (\$131.9 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 impact PB’s overall performance. 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.

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 2019 and 2020 is also 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 PB is required to report HMDA and CRA loan data, its lending is included in the aggregate data.

The geographic and borrower distribution performance of HMDA loans focused on performance for Home Purchase, Home Improvement, Refinancing, and Multi-family loan categories. Performance for the Not Applicable, Other Closed, and Other Line of Credit loan categories was not evaluated because not all HMDA reporters are required to report each loan category, or the category contains relatively few loans overall.

Within PB'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.

During 2020, as mentioned previously, the bank was an active participant in the SBA's PPP. Consistent with data collection and reporting requirements of the program, financial institutions were not required to collect or report borrower revenue information for their PPP loans. As PPP loans represent a significant majority of PB's small business lending in 2020, revenue information was not utilized when determining the bank's lending performance among businesses of different sizes in 2020. Instead, examiners evaluated 2020 small business borrower distribution performance using loan size, as a proxy, for loans with revenues not available. Borrower distribution performance conclusions for the bank's small business lending in 2020 considered the institution's percentage of small business loans in amounts of \$100,000 or less. A higher percentage of small dollar (\$100,000 or less) small business loans is considered to be more responsive to the needs of smaller-sized businesses and demonstrates a favorable penetration among businesses of different sizes.

The bank's geographic distribution of loans reflects adequate penetration throughout the multistate metropolitan area, and good overall dispersion throughout the Commonwealth of Virginia. When considering the relative lending activity, the Commonwealth of Virginia is given greater weight when determining overall performance. After accounting for differences in performance and assessment area size, the bank's overall geographic distribution reflects good penetration throughout the assessment areas.

The borrower distribution performance in the multistate metropolitan area reflects adequate penetration among customers of different income levels and businesses of different sizes. Borrower distribution was also considered adequate in the Commonwealth of Virginia. Consequently, the overall borrower distribution performance was considered adequate.

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 (Washington-Arlington-Alexandria, DC-MD-VA MSA; Richmond, VA; Virginia Beach-Norfolk-Newport News, VA MSA), while opportunities are limited in the bank's remaining full-scope nonmetropolitan assessment area (Essex, VA NonMSA). 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 39 loans totaling \$43.5 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 an adequate level of CD loans in its assessment areas.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated Low Satisfactory. As of September 30, 2021, the institution reported \$3.5 billion in assets and a securities portfolio totaling \$233.2 million. As of the evaluation date, PB holds approximately \$36 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 \$137,097 on a combined assessment area basis.

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

- \$1.4 million invested in five small business investment company (SBIC) funds. SBICs are licensed and regulated by the SBA and provide venture capital to small businesses facilitating community development. These funds provide capital to companies located across all of the institution's assessment areas.
- \$2.1 million invested in an affordable housing bond impacting the bank's Richmond, VA MSA assessment area and the Virginia Beach-Norfolk-Newport News, VA assessment area. Proceeds of the bond are used to finance multifamily properties (properties in both assessment areas) that are affordable to low- and moderate-income families.

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

SERVICE TEST

PB'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 42 branch offices, two (4.8%) are located within low-income income areas, and seven (16.7%) are located in moderate-income areas.

As indicated in **Appendix E**, the bank closed five branches since the previous examination. The bank's branching activity occurred in middle- and upper-income census tracts and 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 services benefit a statewide or regional area.

- Business Finance Group (Institution-wide)
 - One bank employee serves on a loan committee for the economic development corporation. The organization supports permanent job creation, retention, and or/improvement in low- and moderate-income geographies across Maryland, Virginia, Washington, D.C., and West Virginia regions.
- Commonwealth Connect Fund (Virginia Statewide)
 - PB partnered with this organization to provide community services by helping assist low- and moderate-income census tracts access broadband connections (two employees).

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.

MULTISTATE METROPOLITAN AREA

CRA RATING FOR WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV MSA: SATISFACTORY

The lending test is rated: Low Satisfactory
The investment test is rated: Low Satisfactory
The service test is rated: Low Satisfactory

Major factors supporting the rating include:

- Lending levels reflect adequate responsiveness to assessment area credit needs.
- The geographic distribution performance reflects adequate penetration throughout the multistate assessment area.
- The borrower distribution performance reflects adequate penetration among customers of different income levels and businesses of different sizes.
- The bank exhibits an adequate record of serving the credit needs of low-income individuals and areas as well as very small businesses.
- PB makes use of flexible lending practices to meet area credit needs and the bank made an adequate level of community development loans in the multistate metropolitan area during the evaluation period.
- The bank maintains and provides an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, and rarely in a leadership position.
- While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits adequate responsiveness to credit and community development needs through its investment activity.
- Delivery systems and branch locations are reasonably accessible within the bank's 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.
- The bank and its employees provided 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 2019 and 2020 were evaluated to reach conclusions about the bank's borrower and geographic lending distribution performance. 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 (April 1, 2019). All qualified investments made during this same period and those outstanding as of the evaluation, regardless of when made, were also considered.

The bank's multistate metropolitan area includes portions of Virginia, Maryland, and the District of Columbia. On a combined basis, this assessment area accounts for 28.1% of the bank's combined 2019 and 2020 lending (dollar volume), 28.6% of branches, and 21.2% of deposit volume. Information about loan volume, branches, and deposits is included in **Appendix D** of this report.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV MSA

PB has delineated the entire multistate metropolitan statistical area surrounding Washington, DC to include the northern portion of Virginia, central portion of Maryland, and the District of Columbia. The bank currently operates 12 branches within the multistate metropolitan area. Specific cities and counties included in the assessment area are outlined in **Appendix E**.

As of June 30, 2021, the institution ranked 30th out of 72 financial institutions in local deposit market share according to data compiled by the Federal Deposit Insurance Corporation (FDIC) and held .2% of assessment area deposits (credit union deposits not included). According to 2015 ACS data, the assessment area has a population of 6 million and a median housing value of \$378,072. The owner-occupancy rate for the multistate MSA equaled 59.2%, which is significantly greater than the rate for the district of Columbia (37.2%) and is consistent with the statewide rates for Virginia (59.2%), Maryland (60.1%), and West Virginia (60.8%). Within the assessment area, 5.8% of families were considered below the poverty level, which is less than the percentage of such families in the District of Columbia (14.3%), Virginia (8.2%), Maryland (7%), and West Virginia (13.1%). The following table details the median family income information for the two metropolitan divisions (MD) that make up the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA during 2019 and 2020.

Assessment Area	Median Family Incomes	
	2019	2020
Washington-Arlington-Alexandria, DC-VA-MD-WV (MD)	\$114,700	\$118,700
Frederick-Gaithersburg-Rockville, MD (MD)	\$123,600	\$124,400

Washington-Arlington-Alexandria, DC-VA-MD-WV MSA Annual Average Unemployment Rates		
Area	2019	2020
Calvert County, MD	3.07%	5.23%
Charles County, MD	3.53%	6.72%
Frederick County, MD	3.07%	5.94%
Montgomery County, MD	2.86%	6.33%
Prince George's County, MD	3.66%	8.21%
Arlington County, VA	1.84%	4.48%
Clarke County, VA	2.36%	4.55%
Culpeper County, VA	2.48%	4.95%
Fairfax County, VA	2.20%	5.81%
Fauquier County, VA	2.34%	4.68%
Loudoun County, VA	2.22%	5.35%
Madison County, VA	2.12%	3.83%
Prince William County, VA	2.44%	6.52%
Rappahannock County, VA	2.40%	4.53%
Spotsylvania County, VA	2.79%	6.00%
Stafford County, VA	2.65%	5.67%
Warren County, VA	2.71%	5.83%
Alexandria City, VA	2.04%	6.00%
Fairfax City, VA	2.07%	5.63%
Falls Church City, VA	2.00%	3.79%
Fredericksburg City, VA	3.24%	7.15%
Manassas city, VA	2.42%	6.48%
Manassas Park City, VA	2.39%	6.83%
Jefferson County, WV	3.12%	5.94%
Frederick-Gaithersburg-Rockville, MD	2.90%	6.26%
Washington-Arlington-Alexandria, DC-VA-MD-WV MD	3.05%	6.54%
District of Columbia	5.36%	8.03%
State of Maryland	3.49%	6.76%
Commonwealth of Virginia	2.68%	6.24%
State of West Virginia	4.92%	8.35%
<i>Source: Bureau of Labor Statistics(BLS), Local Area Unemployment Statistics</i>		

As indicated in the table, area unemployment rates have risen significantly across all geographies since the prior evaluation in 2019. Beginning in March 2020, nationwide quarantine restrictions imposed to combat the Coronavirus (COVID-19) pandemic led to substantial economic disruptions resulting in high levels of unemployment.

A local community development official was contacted to assist in evaluating PB’s CRA performance. The contact noted that while certain industries have had significant demand in the region, an area of concern, particularly for low-income people, includes job security and advancement. The official stated that residents most likely have to maintain multiple streams of income or commute outside of the Southern Maryland area to Washington, D.C. or Virginia if they wish to obtain higher income. The contact did share that there was a positive perception of banks that reach out to a large volume of customers and are more involved in the community; however, additional opportunities exist throughout the area, including the construction of new apartment buildings to increase the low stock of available affordable housing and financing of more small capital projects, including small business loans. No evidence of any banks participating in discriminatory acts was identified and the institution faces no significant constraints in taking advantage of all available community development opportunities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV MSA

LENDING TEST

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

During 2019 and 2020, the bank originated \$34.2 million in HMDA loans and \$88.4 million in small business loans. Accordingly, the bank's small business lending performance was generally given greater weight when evaluating overall performance.

Lending Activity:

Lending levels reflect adequate responsiveness to assessment area credit needs. During 2019 and 2020, the bank reported 53 HMDA, 1,039 small business loans, 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 number (30.2%) and dollar volume (28.1%), is comparable to the proportion of bank branches (28.6%) and greater than the percentage of local deposits (21.2%) in the assessment area.

According to 2020 aggregate loan data, the institution ranked 309th out of 907 reporters in HMDA lending volume with a <.01% market share and 21st out of 328 reporters for small business/farm lending volume with a .6% market share in the assessment area.

Geographic Distribution:

The geographic distribution performance within this assessment area is considered adequate overall for both HMDA and small business lending.

Distribution of HMDA Loans by Income Level of Census Tract

Washington-Arlington-Alexandria, DC-VA-WV-MD MSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(8) Home Purchase				(137,170)			
Low	0	0.0	0	0.0	6,137	4.5	2,216,285	3.6
Moderate	1	12.5	547	10.0	25,943	19.0	8,595,271	14.1
Middle	1	12.5	369	6.7	56,583	41.3	22,399,026	36.8
Upper	6	75.0	4,564	83.3	48,223	35.2	27,687,138	45.5
	(10) Refinance				(318,086)			
Low	0	0.0	0	0.0	9,082	2.9	2,945,275	2.3
Moderate	0	0.0	0	0.0	41,814	13.1	12,476,032	9.8
Middle	2	20.0	75	1.3	118,198	37.2	41,448,238	32.7
Upper	8	80.0	5,680	98.7	148,992	46.8	69,887,911	55.2
	(1) Home Improvement				(9,575)			
Low	0	0.0	0	0.0	253	2.6	35,095	2.6
Moderate	0	0.0	0	0.0	1,179	12.3	122,571	9.0
Middle	1	100.0	10	100.0	3,106	32.4	361,763	26.4
Upper	0	0.0	0	0.0	5,037	52.7	849,364	62.0
	(0) Multi-Family				(410)			
Low	0	0.0	0	0.0	115	28.0	1,832,913	29.4
Moderate	0	0.0	0	0.0	101	24.6	1,423,188	22.8
Middle	0	0.0	0	0.0	111	27.1	2,134,254	34.2
Upper	0	0.0	0	0.0	83	20.3	849,129	13.6
	HMDA Totals							
Low	0	0.0	0	0.0	15,587	3.3	7,029,568	3.6
Moderate	1	5.3	547	4.9	69,037	14.8	22,617,062	11.6
Middle	4	21.1	454	4.0	177,998	38.2	66,343,281	33.9
Upper	14	73.6	10,244	91.1	202,335	43.4	99,273,542	50.7
NA*	0	0.0	0	0.0	841	0.3	411,741	0.2
Total	19	100.0	11,245	100.0	465,798	100.0	195,675,194	100.0

NA*-Tracts without household or family income as applicable

During 2020, refinance loans were the leading HMDA product by the bank and aggregate lenders followed by home purchase loans. Given the relatively low level of activity, multi-family and home improvement loans were given less weight when determining overall performance. Considering both demographic and aggregate proxies for demand, the bank's performance for its home purchase lending is considered poor and refinance lending is considered very poor.

The bank's lack of lending in low-income census tracts (0%) lagged both the percentage of owner-occupied housing units located in low-income tracts (3.8%) and the aggregate level of lending in such tracts (3.3%). The institution's level of lending in moderate-income census tracts (5.3%) lagged both the percentage of owner-occupied housing units located in moderate-income tracts (18.2%) and the aggregate level of lending in such tracts (14.8%). PB's level of HMDA lending during 2020 is considered very poor.

During 2019, PB reported 34 HMDA loans totaling \$22.9 million. Of these loans, one (2.9%) totaling \$841,000 (3.7%) was extended in a low-income census tract, while 3.8% of owner-occupied housing units and 4.2% of aggregate loans were reported in such census tracts. Also, of these loans, six (17.6%) totaling \$3.3 million (14.3%) were extended in moderate-income census tracts, while 18.2% of owner-occupied housing units and 17% of aggregate loans were reported in such census tracts. The bank's 2019 lending performance is considered good.

Overall, the bank's combined HMDA geographic lending distribution is considered adequate based upon the relative performance levels and larger loan volume during 2019.

Distribution of Small Business Loans by Income Level of Census Tract

Washington-Arlington-Alexandria, DC-VA-WV-MD MSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	40	4.1	2,289	3.0	7,895	4.7	444,861	4.8
Moderate	169	17.5	9,443	12.4	32,212	19.2	1,838,730	19.7
Middle	339	35.0	28,883	38.0	59,446	35.5	3,364,054	36.1
Upper	415	42.9	35,179	46.3	67,349	40.2	3,618,875	38.9
NA*	5	0.5	244	0.3	704	0.4	45,931	0.5
Total	968	100.0	76,038	100.0	167,606	100.0	9,312,451	100.0

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

During 2020, the bank’s small business lending in low-income census tracts (4.1%) was comparable to the percentage of area businesses (5.2%) and the aggregate lending in such tracts (4.7%). Similarly, the bank’s small business lending performance in moderate-income census tracts was comparable to the percentage of area businesses (19.4%) and the aggregate level of lending in such tracts (19.2%). This level of lending is considered good.

During 2019, PB extended 71 small business loans totaling \$12.4 million. Of these loans, two (2.8%) totaling \$42,000 (.3%) were extended in low-income census tracts. This level was lower than the percentage of businesses located in such areas (5.1%) and the aggregate level of lending (4.5%). PB also extended three loans (4.2%) totaling \$210,000 (1.7%) in moderate-income census tracts. This level of lending significantly lagged both the percentage of businesses located in such areas (19.3%) and the aggregate level of lending (19.2%). Overall, the bank’s performance during 2019 is considered very poor.

Overall, the bank’s combined small business geographic lending distribution is considered adequate based upon the relative performance levels and the much larger loan volume during 2020.

Distribution by Borrower Income and Revenue Size of the Business:

HMDA borrower distribution performance is considered poor overall. Conversely, the small business borrower distribution performance is considered adequate overall. On a combined basis, the bank’s borrower distribution is considered adequate.

Distribution of HMDA Loans by Income Level of Borrower

Washington-Arlington-Alexandria, DC-VA-WV-MD MSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	HMDA Totals							
Low	1	33.3	20	23.5	26,772	7.3	6,002,790	4.1
Moderate	0	0.0	0	0.0	74,432	20.3	22,279,735	15.1
Middle	2	66.7	65	76.5	101,753	27.7	37,695,093	25.5
Upper	0	0.0	0	0.0	163,730	44.7	81,845,818	55.3
Total	3	100.0	85	100.0	366,687	100.0	147,823,436	100.0
Unknown	16		11,160		99,111		47,851,758	

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

As indicated in the preceding table, a large portion of the number (16) and dollar amount (\$11.1 million) of 2020 HMDA loans reported by the bank have unknown borrower incomes, and these loans were excluded from the analysis. PB routinely purchases residential mortgage loans from STM, and borrower income is not required to be reported for these loans.

During 2020, the bank’s level of lending to low-income borrowers (33.3%) exceeded both the percentage of low-income families in the assessment area (22.1%) and the aggregate level of lending to low-income borrowers (7.3%). Conversely, the bank’s lack of lending to moderate-income borrowers (0%) lagged both the percentage of moderate-income families in the assessment area (16.8%) and the aggregate level of lending to moderate-income borrowers (20.3%). Nevertheless, PB’s 2020 HMDA borrower distribution performance was considered excellent.

During 2019, PB extended four loans totaling \$915,000 for which borrower incomes were known. Of these loans, the bank did not extend any HMDA loans to low- or moderate-income borrowers. This lack of lending lagged both the percentage of low- and moderate-income families in the assessment area (22.1% and 16.8%, respectively) as well as the aggregate lending level (9% and 22.6%, respectively). This level of lending is considered very poor.

Overall, the bank’s combined HMDA borrower lending distribution is considered poor based upon the bank’s relative performance and significantly greater dollar volume during 2019.

Distribution of Lending by Loan Amount and Size of Business

Washington-Arlington-Alexandria, DC-VA-WV-MD MSA (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	15	21.1	3,931	31.7	79,071	49.5	1,611,667	32.9
Over \$1 Million	37	52.1	5,450	43.9	NA	NA	NA	NA
Unknown	19	26.8	3,026	24.4	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	42	59.2	2,149	17.3	152,136	95.2	2,147,109	43.8
\$100,001-\$250,000	11	15.5	1,788	14.4	3,812	2.4	657,252	13.4
\$250,001-\$1 Million	18	25.3	8,470	68.3	3,821	2.4	2,099,985	42.8
Total	71	100.0	12,407	100.0	159,769	100.0	4,904,346	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 91.3% of local businesses have revenues less than \$1 million per year. According to 2019 aggregate data, 49.5% 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 the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 57.9% were made to businesses with revenues less than \$1 million. In comparison, the bank extended 21.1% of its small business loans to businesses with revenues less than \$1 million. When compared to the adjusted aggregate level of lending, the bank’s small business borrower distribution performance in 2019 is considered poor

Distribution of Lending by Loan Amount and Size of Business

Washington-Arlington-Alexandria, DC-VA-WV-MD MSA (2020)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	19	2.0	4,813	6.3	74,535	44.3	2,483,461	26.6
Over \$1 Million	38	3.9	7,895	10.4	NA	NA	NA	NA
Unknown	911	94.1	63,330	83.3	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	797	82.3	23,238	30.6	147,634	87.8	2,975,742	31.9
\$100,001-\$250,000	106	11.0	17,013	22.4	11,542	6.9	1,862,193	20.0
\$250,001-\$1 Million	65	6.7	35,787	47.0	8,930	5.3	4,493,387	48.1
Total	968	100.0	76,038	100.0	168,106	100.0	9,331,322	100.0

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

As mentioned earlier, the bank’s participation in PPP represented a significant majority of the small business lending in 2020 and revenue information was not utilized (consistent with data collection and reporting requirements of the program) when determining the bank’s lending performance among businesses of different sizes. Instead, loan size was used as a proxy for loans with revenues not available, to evaluate the 2020 small business borrower distribution performance. Conclusions for the bank’s 2020 small business lending considered the institution’s percentage of small business loans in amounts of \$100,000 or less. A higher percentage of small dollar (\$100,000 or less) small business loans is more responsive to the needs of smaller-sized businesses and demonstrates a favorable penetration among businesses of different sizes. During 2020, the bank’s percentage of small business loans in amounts of less than \$100,000 (82.3%) was comparable to the aggregate level (84.5%) after excluding specialized lenders. Small business borrower distribution performance for 2020 was considered good.

The dollar volume of small business lending in 2019 (\$12.4 million) significantly lagged lending volumes in 2020 (\$76 million). As such, small business borrower distribution performance in 2020 was given greater weight when determining overall conclusions. Overall, the bank’s small business borrower distribution performance was considered adequate.

Community Development Loans:

Community development lending opportunities are reasonably available within the assessment area and the bank faces no constraints relative to community development lending when considering its capacity and business strategy. Considering the institution’s capacity and reasonably available opportunities, the institution made an adequate level of community development loans within the assessment area.

During the evaluation period, the bank made 11 qualified community development loans totaling \$18.3 million inside this assessment area. The loans provided funding for several organizations whose primary purpose are to provide activities that revitalize or stabilize low- or moderate-income geographies by attracting new or retaining existing businesses.

INVESTMENT TEST

PB's investment test performance in the multistate assessment area is rated Low Satisfactory. The bank holds an adequate level of qualified community development investments, particularly those not routinely provided by private investors, and is rarely in a leadership position. The bank is also considered to make occasional use of innovative and/or complex investments to support community development initiatives and exhibits adequate responsiveness to credit and community development needs in the assessment area. During the evaluation period, PB did not make any charitable donations within this market but does hold the following qualified community development investments, which directly impact the multistate assessment area.

- \$7.9 million invested in three affordable housing bonds impacting this assessment area. Proceeds of the bonds are used to finance multifamily properties that are affordable to low- and moderate-income families.
- \$3.7 million in one equity fund utilizing Low Income Housing Tax Credits (LIHTC) to facilitate area revitalization and affordable housing efforts within this assessment area.

SERVICE TEST

The bank's performance under the service test within this assessment area is rated Low Satisfactory. This conclusion is based on the bank's branch distribution, branching activity during the review period, availability of alternative delivery systems, range of services provided in the assessment area, and extent/innovativeness of community development services. Since the previous evaluation, four branch offices have been closed within the assessment area. Additionally, the bank provides an adequate level of community development services.

Retail Services:

Delivery systems are reasonably accessible to individuals and geographies of varying income levels within the assessment area. The bank currently operates 12 branches within the assessment area. Two of the bank's branches (16.7%) are located within low- or moderate-income census tracts. Within the assessment area, 8.9% and 21.8% of area households are located in low- and moderate-income census tracts, respectively. During the review period, the bank closed four full-service branch locations. None of the branch closures were located in low- or moderate-income 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. ATMs are available and provide customers with 24-hour nationwide access. Bank by-mail and internet-based banking services are also offered by the institution. The institution offers no-cost checking products as well as low-cost checking to businesses. Such accounts 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. During the review period, the bank provided an adequate level of qualified community development services.

In addition to service activities that benefit multiple assessment areas, the bank supported the following organizations which specifically benefited this assessment area.

- Rappahannock Economic Development Corporation
 - One bank employee facilitated multiple in-person financial literacy seminars with an organization which supports economic development. The organization supports permanent job creation, retention, and or/improvement in low- and moderate-income geographies (economic development corporation).

- Junior Achievement of Greater Washington
 - Two employees hosted financial literacy courses for public schools with greater than 50% of the student population eligible for free/reduced price lunch. The organization provides financial literacy courses to students.
- Greater Washington Chamber of Commerce
 - An employee hosted a seminar providing financial literacy for small businesses in the assessment area. The organization supports permanent job creation, retention, and or/improvement in low- and moderate-income geographies (economic development authority).
- Loudoun Cares
 - One employee solicited large dollar donations for this organization which provides free emergency services such as shelter and clothing to low- and moderate-income people.
- Women's CEO Round Table
 - A bank employee provided a financial literacy course to owners of small businesses through an organization which promotes small business development. The organization supports permanent job creation, retention, and or/improvement in low- and moderate-income geographies (small business development corporation).
- Hispanic Chamber of Commerce
 - One bank employee provided a financial literacy course to owners of small businesses through an organization which promotes economic development. The organization supports permanent job creation, retention, and or/improvement in low- and moderate-income geographies (economic development authority).
- Prince George's Financial Services Corporation
 - One bank employee serves as chair of the loan committee. The organization supports permanent job creation, retention, and or/improvement in low- and moderate-income geographies (economic development corporation).

COMMONWEALTH OF VIRGINIA

CRA RATING FOR (name of state)¹: SATISFACTORY
The lending test is rated: Low Satisfactory
The investment test is rated: Low Satisfactory
The service test is rated: Low Satisfactory

Major factors supporting the rating include:

- Lending levels reflect adequate responsiveness to assessment areas credit needs.
- Geographic distribution performance varies by product and is considered good overall.
- Borrower distribution performance varies by product and is considered adequate overall.
- The bank exhibits an adequate record of serving the credit needs of low-income individuals and areas as well as very small businesses.
- PB makes use of flexible lending practices to meet area credit needs and the bank made an adequate level of community development loans in Virginia during the evaluation period.
- The bank maintains and provides an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, and is rarely in a leadership position.
- While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits adequate 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 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 Virginia assessment areas during the evaluation period.

SCOPE OF EXAMINATION

HMDA and small business loan data from calendar years 2019 and 2020 were evaluated to reach conclusions about the bank's borrower and geographic lending distribution performance. Small farm lending performance was not evaluated because the bank originated a comparatively small volume of such loans within the state during the evaluation period. 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 (April 1, 2019). All qualified investments made during this same period and those outstanding as of the evaluation, regardless of when made, were also considered.

PB delineated seven assessment areas throughout Virginia and on a combined basis, Virginia accounts for 71.9% of the bank's combined 2019 and 2020 lending (dollar volume), 71.4% of branches, and 78.8% 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 assessment areas were identified as the bank's primary markets within the Commonwealth and were reviewed utilizing the FFIEC's full-scope evaluation procedures.

- Richmond, VA MSA
- Virginia Beach-Norfolk-Newport News, VA
- Essex, VA NonMSA

¹ 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’s performance ratings within the Commonwealth of Virginia are based on the three assessment areas listed above, in addition to activities impacting a statewide or institutional level. The remaining assessment areas (Charlottesville, VA MSA, Clifton Forge, VA NonMSA, Shenandoah, VA NonMSA, and Surry, VA NonMSA) were subject to limited review procedures. For each limited scope assessment area, 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 VIRGINIA

PB operates 30 branches within the Commonwealth of Virginia. The Richmond, VA MSA and Virginia Beach-Norfolk-Newport News, VA MSA assessment areas account for a majority of the bank’s lending activity within the Commonwealth. Specific cities and counties included in the assessment area are outlined in **Appendix E**. Within Virginia, the institution ranked 7th out of 49 financial institutions in local deposit market share according to data compiled by the FDIC and held 1.3% of the assessment area deposits (credit union deposits not included).

According to 2015 ACS data, the combined assessment areas within the Commonwealth have a population of 3,289,074 and a median housing value of \$225,207. The owner-occupancy rate for the Commonwealth equaled 57.2%, and 9.1% of families were considered below the poverty level. The following table includes 2019 and 2020 median family income information for the assessment areas in the Commonwealth of Virginia.

Assessment Area	Median Family Incomes	
	2019	2020
Richmond, VA MSA	\$81,600	\$84,900
Virginia Beach-Norfolk-Newport News, VA	\$75,800	\$78,800
Nonmetropolitan areas of Virginia	\$56,100	\$58,100

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN VIRGINIA

When considering the overall statewide ratings, performance within the 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 consider activities occurring at the statewide level or larger regional area that includes Virginia.

LENDING TEST

Overall, the statewide lending test is rated Low Satisfactory. This conclusion is based primarily on the institution’s lending activity, geographic and borrower performance, and its level of community development lending, while also considering the bank’s market strategy, area demographic data, and aggregate data.

During 2019 and 2020, the bank originated \$101.1 million in HMDA loans and \$212.5 million in small business loans. Accordingly, the bank’s small business lending performance was generally given greater weight when evaluating overall performance.

Lending Activity:

The institution’s lending levels reflect adequate responsiveness to assessment area credit needs during the evaluation period. During 2019 and 2020, the bank reported 314 HMDA, 2,200 small business loans, and 19 small farm loans within Commonwealth assessment areas. The bank’s lending activity within this assessment area during the evaluation period as measured by the number (69.8%) and dollar volume (71.9%) is comparable to the percentage of bank branches (71.4%) and less than the amount of local deposits (78.8%) in the Commonwealth.

According to 2020 aggregate loan data, the institution ranked 126th out of 758 reporters in HMDA lending volume with a .07% market share and 11th out of 237 reporters in small business/farm lending volume with a 2.8% market share in the assessment area.

Geographic and Borrower Distribution:

Overall, PB's geographic distribution is considered good, while the borrower distribution of lending is considered adequate. When reaching overall conclusions, the level of performance for each product is typically weighted by the dollar volume of each product by year and overall. Within the markets reviewed, small business loans generally were the largest product by dollar volume followed by HMDA loans. Therefore, small business lending performance received the greatest weight.

Community Development Loans:

Community development lending opportunities are reasonably available within the metropolitan areas of the bank's assessment areas and limited in the bank's non-metropolitan assessment area. The bank faces no constraints relative to community development lending when considering its capacity and business strategy.

Considering the institution's capacity and reasonably available opportunities, the institution makes an adequate level of community development loans within the Commonwealth of Virginia. The bank did not originate any community development loans with a statewide level impact. Additional discussion of community development loans is included within the applicable assessment area sections of this evaluation.

INVESTMENT TEST

Considering the bank's qualified institution-wide and statewide investments, the bank holds an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors. The bank also makes occasional use of innovative and/or complex investments to support community development initiatives and exhibits adequate responsiveness to credit and community development needs in the state. Other qualified investments in this state include those activities previously described at the institutional level.

PB holds the following qualified community development investments with an impact at the statewide level.

- 12 equity investments totaling \$4.3 million which support affordable housing throughout the Commonwealth. (Housing Equity Fund of Virginia, Virginia Housing Development Authority)
- Two bonds totaling \$1.4 million to finance water infrastructure projects that support maintenance of community facilities that provide services for low- and moderate-income individuals. (Virginia State Resources Authority Infrastructure)
- Four loan pools totaling \$2.2 million consisting of mortgage-backed securities with loans primarily in low- and moderate-income areas or to low- and moderate-income borrowers. (Fannie Mae, Ginnie Mae)
- Charitable donations of \$102,000 were made to entities that provide community development services to residents within the bank's combined Virginia assessment areas.

SERVICE TEST

The bank's service test rating for the state of Virginia is considered Low Satisfactory. This conclusion is based on the bank's branch distribution, branching activity during the review period, availability of alternative delivery systems, range of services provided in the state, and extent/innovativeness of community development services.

Retail Services:

Delivery systems are reasonably accessible to individuals and geographies of varying income levels within the state. The bank currently operates 30 branches within the assessment area. Seven (23.3%) of the bank's branches are located within low- or moderate-income census tracts. During the review period, the bank did not close any full-service branch locations within the bank's Commonwealth of Virginia assessment areas. 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. The institution offers no-cost checking products as well as low-cost checking to businesses. Such accounts 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 within the bank's metropolitan assessment areas and limited in the nonmetropolitan areas, and the bank has sufficient capacity to participate in such activities. During the review period, the bank provided an adequate level of qualified community development services.

In addition to service activities that benefit multiple assessment areas, the bank supported the following organization which had a statewide level impact.

- Commonwealth Connect Fund
 - PB partnered with this organization to assist low- and moderate-income census tracts access broadband connections (two employees).

DESCRIPTION OF INSTITUTION'S OPERATIONS IN RICHMOND, VIRGINIA MSA

PB delineates and serves the entire Richmond, Virginia MSA. The bank operates 11 branches within the assessment area and this assessment area accounts for 39.5% of the bank's combined 2019 and 2020 lending (dollar volume), 26.2% of branches, and 29.8% of deposit volume. Information about loan volume, branches, and deposits are included in **Appendix D** of this report. Additionally, the complete composition of the assessment area for 2019 and 2020 is detailed in **Appendix E**.

As of June 30, 2021, the institution ranked 8th out of 29 financial institutions in local deposit market share according to data compiled by the FDIC and held .65% of assessment area deposits (credit union deposits not included). According to 2015 ACS data, the assessment area has a population of 1.2 million and a median housing value of \$213,480. The owner-occupancy rate for the assessment area equaled 59.6%, which is consistent with the statewide rate for Virginia (59.2%). Within the assessment area, 8.8% of families were considered below the poverty level, which was consistent with the percentage of such families in Virginia (8.2%). The 2019 and 2020 median family incomes for this assessment area were \$81,600 and \$84,900, respectively.

The following table includes relevant demographic data for the 2020 Richmond, VA MSA assessment area.

Assessment Area Demographics

Richmond, VA MSA <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	36	12.4	22,538	7.6	7,648	33.9	62,945	21.1
Moderate	71	24.5	61,122	20.5	8,296	13.6	53,832	18.0
Middle	99	34.1	117,039	39.2	7,771	6.6	60,003	20.1
Upper	78	26.9	97,225	32.5	2,296	2.4	121,726	40.8
NA	6	2.1	582	0.2	136	23.4		
Total	290	100.0	298,506	100.0	26,147	8.8	298,506	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	13,457	4.5	41,312	9.0	14,057	34.0	107,245	23.3
Moderate	54,000	17.9	106,350	23.1	17,320	16.3	77,158	16.8
Middle	125,440	41.6	173,004	37.6	14,841	8.6	83,793	18.2
Upper	108,163	35.8	138,568	30.0	7,066	5.1	192,376	41.7
NA	522	0.2	1,338	0.3	443	33.1		
Total	301,582	100.0	460,572	100.0	53,727	11.7	460,572	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	3,877	6.1	3,474	5.9	380	8.5	23	4.6
Moderate	13,581	21.4	12,323	21.1	1,102	24.8	156	31.5
Middle	22,606	35.6	20,955	35.8	1,518	34.1	133	26.9
Upper	23,096	36.4	21,503	36.7	1,413	31.8	180	36.4
NA	303	0.5	263	0.5	37	0.8	3	0.6
Total	63,463	100.0	58,518	100.0	4,450	100.0	495	100.0
Percentage of Total Businesses:				92.2		7.0		0.8

*NA-Tracts without household or family income as applicable

As the capital region for the Commonwealth of Virginia, employment opportunities in the area primarily consist of local, state, and federal government, as well as a mixture of manufacturing, healthcare, financial, service, and tourism industries. There are several major medical facilities including Bon Secours and HCA health systems, MCV Hospital, and Southside Regional Medical Center, and the area also attracts distribution centers given its location and access to thoroughfares along the East Coast. Other major employers in the area include Anthem, Amazon, Capital One Bank, DuPont, Altria, VCU, and Walmart. Recent historical unemployment rates since the previous evaluation are included in the following table.

Richmond, VA MSA Annual Average Unemployment Rates		
Area	2019	2020
Amelia County, VA	3.02%	5.76%
Charles City County, VA	3.31%	6.51%
Chesterfield County, VA	2.63%	5.90%
Dinwiddie County, VA	3.15%	6.41%
Goochland County, VA	2.64%	4.86%
Hanover County, VA	2.32%	4.83%
Henrico County, VA	2.69%	6.49%
King and Queen County, VA	2.67%	5.12%
King William County, VA	2.62%	5.42%
New Kent County, VA	2.27%	4.58%
Powhatan County, VA	2.43%	4.84%
Prince George County, VA	3.21%	6.50%
Sussex County, VA	4.38%	8.51%
Colonial Heights City, VA	3.12%	7.11%
Hopewell City, VA	4.15%	10.73%
Petersburg City, VA	5.40%	13.95%
Richmond City, VA	3.15%	8.83%
Commonwealth of Virginia	2.68%	6.24%
<i>Source: Bureau of Labor Statistics(BLS), Local Area Unemployment Statistics</i>		

As reflected in the preceding table, area unemployment rates have risen significantly across all geographies since the previous evaluation in 2019. Beginning in March 2020, nationwide quarantine restrictions imposed to combat the Coronavirus (COVID-19) pandemic led to severe economic disruptions resulting in high levels of unemployment.

A local economic development official was recently contacted to assist in evaluating PB’s CRA performance. The contact noted that the demographics of the city are more diverse than the nation as a whole. The City of Richmond is majority black and the MSA is 30% black versus the U.S. at 12%. Prior to COVID, the region was strong economically, particularly in the food and beverage industry. The area did, however, get hit harder during COVID than expected, particularly since all the restaurants were forced to close. Business has started to pick up significantly, with a lot of activity in advanced manufacturing, bio sciences, IT, and food supply, with less activity in corporate office users. The contact stated local banks have been engaged in promoting economic development. No evidence of any banks participating in discriminatory acts was identified.

Overall, there are reasonable opportunities for community development loans and investments within the market area. Despite a challenging market, the institution faces no significant constraints in taking advantage of all available community development opportunities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN RICHMOND, VA MSA ASSESSMENT AREA

LENDING TEST

The institution's overall lending performance within this assessment area is rated High Satisfactory. This conclusion is based primarily on the institution's lending activity, geographic and borrower distribution performance, and its level of community development lending, while also considering the bank's market strategy, area demographic data, and aggregate data.

During 2019 and 2020, the bank originated \$39.4 million in HMDA loans and \$131.5 million in small business loans. Accordingly, the bank's small business lending performance was generally given greater weight when evaluating overall performance.

Lending Activity:

The institution's lending levels reflect good responsiveness to assessment area credit needs during the evaluation period. During 2019 and 2020, the bank reported 134 HMDA, 1,320 small business loans, and ten 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 (40.4%) and dollar volume (39.5%) is greater than the percentage of local deposits (29.8%) and bank branches (26.2%) in the assessment area.

According to 2020 aggregate loan data, the institution ranked 104th out of 597 reporters of HMDA lending volume with a .08% market share and 8th out of 173 reporters in small business/farm lending volume with a 3.5% market share in the assessment area.

Geographic Distribution:

The bank's geographic distribution performance is considered excellent for HMDA and good for small business lending. The overall geographic distribution is considered good and is attributed to greater weight given to the bank's small business lending performance due the greater dollar volume in small business lending (\$131.5 million) compared to the HMDA lending (\$39.4 million).

Distribution of HMDA Loans by Income Level of Census Tract

Richmond, VA MSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(27) Home Purchase				(30,787)			
Low	0	0.0	0	0.0	1,575	5.1	291,768	3.5
Moderate	8	29.6	1,816	21.5	5,121	16.7	992,081	12.0
Middle	9	33.3	2,402	28.4	12,104	39.4	2,938,350	35.4
Upper	10	37.1	4,233	50.1	11,946	38.8	4,070,046	49.1
	(35) Refinance				(51,402)			
Low	5	14.3	309	4.7	1,176	2.3	197,386	1.5
Moderate	8	22.9	520	7.9	5,653	11.0	1,054,709	8.0
Middle	11	31.4	1,036	15.7	19,200	37.4	4,277,448	32.6
Upper	11	31.4	4,716	71.7	25,373	49.3	7,586,444	57.9
	(1) Home Improvement				(1,805)			
Low	0	0.0	0	0.0	45	2.5	2,701	1.6
Moderate	0	0.0	0	0.0	180	10.0	14,600	8.8
Middle	0	0.0	0	0.0	647	35.8	53,201	32.1
Upper	1	100.0	100	100.0	933	51.7	95,017	57.5
	(0) Multi-Family				(146)			
Low	0	0.0	0	0.0	23	15.8	159,994	17.8
Moderate	0	0.0	0	0.0	63	43.2	286,388	31.9
Middle	0	0.0	0	0.0	32	21.9	236,004	26.3
Upper	0	0.0	0	0.0	28	19.1	215,531	24.0
	HMDA Totals							
Low	5	7.9	309	2.0	2,819	3.3	651,849	2.9
Moderate	16	25.4	2,336	15.4	11,017	13.1	2,347,778	10.4
Middle	20	31.7	3,438	22.7	31,983	38.0	7,505,003	33.4
Upper	22	35.0	9,049	59.9	38,280	45.5	11,967,038	53.2
NA*	0	0.0	0	0.0	71	0.1	13,616	0.1
Total	63	100.0	15,132	100.0	84,170	100.0	22,485,284	100.0

NA*-Tracts without household or family income as applicable

During 2020, refinance loans were the leading HMDA product by number followed by home purchase loans reported by the bank and aggregate lenders. Given the relatively low level of activity, multi-family and home improvement loans were given less weight when determining overall performance. Considering both demographic and aggregate proxies for demand, the bank's performance for its home purchase and refinance lending are considered excellent.

The level of lending in low-income census tracts (7.9%) exceeded both the percentage of owner-occupied housing units located in low-income census tracts (4.5%) and the aggregate level of lending in such tracts (3.3%). PB's lending in moderate-income census tracts (25.4%) also exceeded both the percentage of owner-occupied housing units located in moderate-income census tracts (17.9%) and the aggregate level of lending in such tracts (13.1%). The bank's HMDA geographic distribution performance in 2020 was considered to be excellent, and the 2019 performance was substantially similar.

Distribution of Small Business Loans by Income Level of Census Tract

Richmond, VA MSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	58	4.9	7,636	7.0	1,556	5.2	106,412	6.1
Moderate	241	20.2	21,399	19.7	5,775	19.4	372,026	21.2
Middle	489	41.1	43,832	40.4	10,416	35.0	619,530	35.3
Upper	393	33.0	35,215	32.5	11,929	40.0	646,703	36.9
NA*	10	0.8	410	0.4	122	0.4	9,366	0.5
Total	1,191	100.0	108,492	100.0	29,798	100.0	1,754,037	100.0

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

During 2020, the small business lending in low-income census tracts (4.9%) was comparable to the percentage of area businesses (6.1%) and the aggregate lending in such tracts (5.2%). Similarly, the small business lending performance in moderate-income census (20.2%) tracts was comparable to the percentage of area businesses (21.4) and the aggregate level of lending in such tracts (19.4%). PB's 2020 geographic distribution performance for small business loans is considered good.

During 2019, PB extended 129 small business loans totaling \$23 million. Of these loans, four (3.1%) totaling \$368,000 (1.6%) were extended in low-income census tracts. This level of lending was less than both the percentage of businesses located in such areas (6%) and the aggregate level of lending (5.5%). Also of these loans, 20 (15.5%) totaling \$2.8 million (12.1%) were extended in moderate-income census tracts. This level of lending lagged both the percentage of businesses located in such areas (21.3%) and the aggregate level of lending (20.6%). The bank's performance during 2019 is considered adequate.

Overall, the bank's combined small business geographic lending distribution during 2019 and 2020 is considered good based upon the relative performance levels and significantly higher loan volume during 2020.

Distribution by Borrower Income and Revenue Size of the Business:

The HMDA borrower distribution performance is considered good, while the small business distribution is considered adequate. Overall, the distribution is considered adequate and based on the greater weight afforded to small business lending.

Distribution of HMDA Loans by Income Level of Borrower

Richmond, VA MSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	1	8.3	100	4.6	5,427	7.8	783,515	4.5
Moderate	3	25.0	185	8.5	15,497	22.4	2,954,041	16.8
Middle	2	16.7	220	10.1	17,288	25.0	4,024,704	23.0
Upper	6	50.0	1,664	76.8	31,025	44.8	9,770,952	55.7
Total	12	100.0	2,169	100.0	69,237	100.0	17,533,212	100.0
Unknown	51		12,963		14,933		4,952,072	

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

During 2020, the level of lending to low-income borrowers (8.3%) lagged the percentage of low-income families in the assessment area (21.1%), but exceeded the aggregate level of lending to low-income borrowers (7.8%). The level of lending to moderate-income borrowers (25%) exceeded the percentage of moderate-income families in the assessment area (18%) and the aggregate level of lending to moderate-income borrowers (22.4%). The bank's 2020 HMDA borrower distribution performance was considered good.

During 2019, PB extended eight loans totaling \$869,000 for which borrower incomes were known. Of these loans, PB extended one loan (12.5%) totaling \$30,000 (3.5%) to a low-income borrower, which was less than the percentage of low-income families in the assessment area (21.1%), but greater than the aggregate lending level (8.7%). The bank also extended one loan (12.5%) totaling \$135,000 (15.5%) in a moderate-income census tract, which was less than the percentage of moderate-income families (18%) as well as the aggregate level of lending (24.7%) in the assessment area. This level of lending is considered adequate.

Overall, the bank's combined HMDA borrower lending distribution is considered good based upon the bank's relative performance and greater dollar volume during 2020.

Distribution of Lending by Loan Amount and Size of Business

Richmond, VA MSA (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	47	36.4	6,993	30.4	13,048	49.4	389,709	39.3
Over \$1 Million	46	35.7	8,992	39.1	NA	NA	NA	NA
Unknown	36	27.9	6,994	30.5	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	76	58.9	4,017	17.5	24,737	93.7	376,365	38.0
\$100,001-\$250,000	25	19.4	4,410	19.2	790	3.0	138,289	14.0
\$250,001-\$1 Million	28	21.7	14,552	63.3	884	3.3	476,077	48.0
Total	129	100.0	22,979	100.0	26,411	100.0	990,731	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 91.9% of local businesses have revenues less than \$1 million per year. According to 2019 aggregate data, 49.4% 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 the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 58.8% were made to businesses with revenues less than \$1 million. In comparison, the bank extended 36.4% of its small business loans to businesses with revenues less than \$1 million. When compared to the adjusted aggregate level of lending, the bank's small business borrower distribution performance in 2019 is considered adequate.

Distribution of Lending by Loan Amount and Size of Business

Richmond, VA MSA (2020)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	80	6.7	13,448	12.4	13,686	45.6	494,147	28.0
Over \$1 Million	73	6.1	16,657	15.4	NA	NA	NA	NA
Unknown	1,038	87.2	78,387	72.2	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	913	76.7	28,197	26.0	26,092	86.9	562,821	31.9
\$100,001-\$250,000	157	13.2	25,362	23.4	2,231	7.4	361,610	20.5
\$250,001-\$1 Million	121	10.1	54,933	50.6	1,694	5.7	839,018	47.6
Total	1,191	100.0	108,492	100.0	30,017	100.0	1,763,449	100.0

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

As mentioned earlier, the bank’s participation in PPP represented a significant majority of the small business lending in 2020 and revenue information was not utilized (consistent with data collection and reporting requirements of the program) when determining the bank’s lending performance among businesses of different sizes. Instead, loan size was used as a proxy for loans with revenues not available, to evaluate the 2020 small business borrower distribution performance. Conclusions for the 2020 small business lending considered the institution’s percentage of small business loans in amounts of \$100,000 or less. A higher percentage of small dollar (\$100,000 or less) small business loans is considered to be more responsive to the needs of smaller-sized businesses and demonstrates a favorable penetration among businesses of different sizes. During 2020, the bank’s percentage of small business loans in amounts of less than \$100,000 (76.7%) was comparable to aggregate level (83.6%) after excluding specialized lenders. The small business borrower distribution performance for 2020 was considered to be good.

While the dollar volume of small business lending in 2020 was much greater, the overall performance is nonetheless deemed adequate due to the overall combined relative performance levels.

Community Development Loans:

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

Considering the institution’s capacity and reasonably available opportunities, the bank makes a relatively high level of community development loans within the assessment area. During the evaluation period, the bank made 21 qualified community development loans totaling \$16.2 million in this assessment area.

INVESTMENT TEST

The institution’s level of responding to community development needs through its investment activities is rated High Satisfactory. Considering the bank’s qualified investments specific to this assessment area, institution-wide, and statewide investments, the bank holds a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and is occasionally in a leadership position. The bank also makes occasional use of innovative and/or complex investments to support community development initiatives and exhibits adequate responsiveness to credit and community development needs in the assessment area. Other qualified investments in this assessment area include those activities previously described at the institutional and statewide level.

PB holds the following qualified community development investments specifically impacting this assessment area.

- \$13.1 million invested in two affordable housing bonds impacting this assessment area. Proceeds of the bonds used to finance multifamily properties that are affordable to low- and moderate-income families.
- Charitable donations of \$34,297 were made to entities that provide community development services to residents within the assessment area.

SERVICE TEST

The bank's service test rating for this assessment area is considered Low Satisfactory. This conclusion is based on the bank's branch distribution, branching activity during the review period, availability of alternative delivery systems, range of services provided in the assessment area, and the extent/innovativeness of community development services.

Retail Services:

Delivery systems are reasonably accessible to individuals and geographies of varying income levels within the assessment area. The bank currently operates 11 branches within the assessment area. Three (27.3%) of the bank's branches are located within moderate-income census tracts. Within the assessment area, 9% and 23.1% of area households are located in low- and moderate-income census tracts, respectively. Branching activity impacting this assessment area has not occurred since the previous evaluation. 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. The institution offers no-cost checking products as well as low-cost checking to businesses. Such accounts 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. During the review period, the bank provided an adequate level of qualified community development services.

In addition to service activities that benefit multiple assessment areas, the bank supported the following organizations which specifically benefited this assessment area.

- HumanKind
 - One employee serves on the board and provides financial literacy courses. The organization supports permanent job creation, retention, and or/improvement for low- and moderate-income individuals (job training, financial literacy).
- Junior Achievement Finance Park
 - Two employees hosted financial literacy courses for public schools with >50% of student population eligible for free/reduced price lunch. The organization provides financial literacy courses to students.
- Chalkley Elementary School
 - Four bank employees met with administrators to coordinate the purchase of school supplies requested by the school.
- Primis Bank "Works Program"
 - PB facilitates a program and provides free community services (childcare and job training) to four low- and moderate-income residents in the assessment area.
- Forward Foundation
 - A bank employee serves on the board of this organization that provides community services targeted to low- and moderate-income individuals (free childcare).

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

PB delineates the entire Virginia portion of the Virginia Beach-Norfolk-Newport News, VA-NC MSA that includes six counties and ten cities. The bank currently operates seven branches within the assessment area. On a combined basis, this assessment area accounts for 23.7% of the bank's combined 2019 and 2020 lending (dollar volume), 16.7% of branches, and 10.3% of deposit volume. Information about loan volume, branches, and deposits are included in **Appendix D** of this report. The complete composition of the assessment area is detailed in **Appendix E**.

As of June 30, 2021, the institution ranked 13th out of 23 financial institutions in local deposit market share according to data compiled by the FDIC and held .9% of assessment area deposits (credit union deposits not included). According to 2015 ACS data, the assessment area has a population of 1.7 million and a median housing value of \$233,570. The owner-occupancy rate equaled 55.4%, which is slightly less than the statewide rate for Virginia (59.2%), but comparable to the rate for the overall MSA (55.5%). Within the assessment area, 9.6% of families were considered below the poverty level, which was similar to the entire Virginia Beach-Norfolk-Newport News, VA MSA rate (9.5%), but slightly greater than the percentage of such families in Virginia (8.2%). The 2019 and 2020 median family incomes for this assessment area were \$75,800 and \$78,800, respectively.

The following table include relevant demographic data for the 2020 Virginia Beach-Norfolk-Newport News, VA assessment area.

Assessment Area Demographics

Virginia Beach-Norfolk-Newport News, VA (Based on 2015 ACS Data and 2020 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	31	7.4	20,664	4.9	6,786	32.8	89,837	21.3
Moderate	112	26.8	101,093	23.9	17,083	16.9	73,366	17.4
Middle	147	35.2	153,867	36.4	11,170	7.3	85,228	20.2
Upper	115	27.5	145,639	34.5	5,145	3.5	173,743	41.1
NA	13	3.1	911	0.3	263	28.9		
Total	418	100.0	422,174	100.0	40,447	9.6	422,174	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	9,620	2.5	35,146	5.6	11,548	32.9	143,666	22.9
Moderate	69,600	18.1	164,153	26.2	28,925	17.6	104,948	16.7
Middle	148,451	38.7	228,825	36.5	21,651	9.5	118,991	19.0
Upper	155,642	40.5	197,756	31.5	10,244	5.2	260,127	41.4
NA	586	0.2	1,852	0.2	360	19.4		
Total	383,899	100.0	627,732	100.0	72,728	11.6	627,732	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	3,120	4.0	2,854	3.9	251	5.1	15	3.3
Moderate	17,347	22.2	15,839	21.7	1,418	28.8	90	19.8
Middle	29,095	37.2	27,054	37.1	1,900	38.6	141	31.1
Upper	27,754	35.5	26,342	36.2	1,213	24.7	199	43.8
NA	914	1.1	768	1.1	137	2.8	9	2.0
Total	78,230	100.0	72,857	100.0	4,919	100.0	454	100.0
	Percentage of Total Businesses:			93.1		6.3		0.6

*NA-Tracts without household or family income as applicable

Employment opportunities within the assessment area primarily consist of local and federal government, area school systems, and a diverse mix of healthcare, education, manufacturing, service, and tourism-related activities. There are several large universities in the area, including William and Mary, Christopher Newport, Old Dominion, and Hampton Universities. Other major employers include Sentara Healthcare, Riverside Regional Medical Center, Eastern Virginia Medical School, Anthem, and Walmart. Recent and historical unemployment rates since the previous evaluation are included in the following table.

Virginia Beach-Norfolk-N News, VA Annual Average Unemployment Rates		
Area	2019	2020
Gloucester County, VA	2.46%	5.43%
Isle of Wight County, VA	2.69%	5.12%
James City County, VA	2.55%	6.91%
Mathews County, VA	2.76%	4.94%
Southampton County, VA	2.55%	4.95%
York County, VA	2.55%	5.57%
Chesapeake City, VA	2.75%	6.13%
Franklin City, VA	3.82%	8.46%
Hampton City, VA	3.63%	8.54%
Newport News City, VA	3.31%	8.68%
Norfolk City, VA	3.32%	8.72%
Poquoson City, VA	2.31%	4.18%
Portsmouth City, VA	3.75%	9.56%
Suffolk City, VA	2.91%	6.52%
Virginia Beach City, VA	2.59%	6.22%
Williamsburg City, VA	3.72%	8.23%
Virginia Beach-Norfolk-Newport News, VA-NC MSA	2.97%	7.09%
Commonwealth of Virginia	2.68%	6.24%
<i>Source: Bureau of Labor Statistics(BLS), Local Area Unemployment Statistics</i>		

As indicated in the previous table, area unemployment rates have risen significantly across all geographies since the prior evaluation in 2019. Beginning in March 2020, nationwide quarantine restrictions imposed to combat the Coronavirus (COVID-19) pandemic led to severe economic disruptions resulting in high levels of unemployment.

A local economic development official was recently contacted to assist in evaluating PB’s CRA performance. The contact indicated that businesses have been greatly impacted by the COVID-19 pandemic. The region has a critical need for a viable micro-lending program. This type of program would not only serve businesses and residents in low- and moderate-income neighborhoods, but also the growing home-based businesses and a gig economy community. No evidence of any banks participating in discriminatory acts was identified.

Overall, community development opportunities are reasonably available within the bank's assessment area when considering performance context factor and 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 VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VIRGINIA ASSESSMENT AREA

LENDING TEST

The institution's overall lending performance within this assessment area is rated Low Satisfactory. This conclusion is based primarily on the institution’s lending activity, geographic and borrower performance, and its level of community development lending, while also considering the bank’s market strategy, area demographic data, and aggregate data.

During 2019 and 2020, the bank originated \$52.9 million in HMDA loans and \$50.8 million in small business loans. Accordingly, the bank's small business lending performance was given slightly less weight when evaluating overall performance.

Lending Activity:

The institution's lending levels reflect good responsiveness to assessment area credit needs during the evaluation period. During 2019 and 2020, the bank reported 147 HMDA, 480 small business loans, and no 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 (17.3%) and dollar volume (23.7%) is greater than the percentage of local deposits (10.3%) and bank branches (16.7%) in the assessment area.

According to 2020 aggregate loan data, the institution ranked 113th out of 593 reporters in HMDA lending volume with a .06% market share and 14th out of 169 reporters in small business/farm lending volume with a 1.2% market share in the assessment area.

Geographic Distribution:

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

Distribution of HMDA Loans by Income Level of Census Tract

Virginia Beach-Norfolk-Newport News, VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(40) Home Purchase				(46,076)			
Low	3	7.5	348	3.6	1,275	2.8	245,604	2.0
Moderate	13	32.5	1,496	15.3	9,096	19.8	1,841,585	14.8
Middle	9	22.5	1,351	13.8	17,462	38.0	4,212,387	33.9
Upper	15	37.5	6,562	67.3	18,080	39.4	6,134,532	49.3
	(20) Refinance				(62,250)			
Low	0	0.0	0	0.0	772	1.2	143,275	0.9
Moderate	2	10.0	292	2.8	7,982	12.8	1,577,208	9.4
Middle	4	20.0	901	8.6	21,264	34.2	4,938,390	29.6
Upper	14	70.0	9,266	88.6	32,232	51.8	10,045,327	60.1
	(1) Home Improvement				(1,885)			
Low	0	0.0	0	0.0	29	1.5	1,996	1.2
Moderate	0	0.0	0	0.0	232	12.3	15,675	9.4
Middle	1	100.0	45	100.0	575	30.5	42,071	25.2
Upper	0	0.0	0	0.0	1,049	55.7	106,914	64.2
	(2) Multi-Family				(148)			
Low	0	0.0	0	0.0	25	16.9	44,178	5.2
Moderate	0	0.0	0	0.0	73	49.3	508,824	59.6
Middle	2	100.0	819	100.0	26	17.6	74,342	8.7
Upper	0	0.0	0	0.0	24	16.2	225,731	26.5
	HMDA Totals							
Low	3	4.8	348	1.7	2,101	1.9	435,053	1.4
Moderate	15	23.8	1,788	8.5	17,383	15.7	3,943,292	13.0
Middle	16	25.4	3,116	14.8	39,327	35.6	9,267,190	30.6
Upper	29	46.0	15,828	75.0	51,385	46.5	16,512,504	54.7
NA*	0	0.0	0	0.0	320	0.3	93,925	0.3
Total	63	100.0	21,080	100.0	110,516	100.0	30,251,964	100.0

NA*-Tracts without household or family income as applicable

During 2020, home purchase loans were the leading HMDA product by number followed by refinance loans reported by the bank. For aggregate lenders, refinance loans was the leading HMDA product. Given the relatively low level of activity, multi-family and home improvement loans were given less weight when determining overall performance. Considering both demographic and aggregate proxies for demand, the bank's performance for its home purchase lending is considered excellent, while its refinance lending is considered adequate.

The bank's level of lending in low-income census tracts (4.8%) exceeded both the percentage of owner-occupied housing units located in low-income census tracts (2.5%) as well as the aggregate level of lending in such tracts (1.9%). Likewise, PB's lending in moderate-income census tracts (23.8%) exceeded the percentage of owner-occupied housing units located in moderate-income census tracts (18.1%) and the aggregate level of lending in such tracts (15.7%). The HMDA geographic performance in 2020 was considered to be excellent.

During 2019, PB reported 84 HMDA loans totaling \$31.8 million. Of these loans, two (2.4%) totaling \$795,000 (2.5%) were extended in low-income census tracts, while 2.5% of owner-occupied housing units and 2.3% of aggregate loans were reported in such census tracts. PB reported 18 loans (21.4%) totaling \$3.2 million (10%) in moderate-income census tracts, while 18.1% of owner-occupied housing units and 17.8% of aggregate loans were reported in such census tracts. The bank's 2019 lending performance is considered good.

Overall, the bank’s combined HMDA geographic lending distribution is considered excellent based upon the relative performance levels and superior performance in 2020.

Distribution of Small Business Loans by Income Level of Census Tract

Virginia Beach-Norfolk-Newport News, VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	47	11.0	7,423	19.2	1,170	3.7	91,895	4.9
Moderate	86	20.2	7,753	20.1	6,795	21.5	491,470	26.1
Middle	171	40.1	12,306	31.9	11,267	35.6	684,188	36.3
Upper	118	27.7	10,395	26.9	11,894	37.6	579,637	30.8
NA*	4	1.0	749	1.9	482	1.6	37,033	1.9
Total	426	100.0	38,626	100.0	31,608	100.0	1,884,223	100.0

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

During 2020, the bank’s small business lending in low-income census tracts (11%) was greater than the percentage of area businesses (4%) and the aggregate lending in such tracts (3.7%). Additionally, the bank’s small business lending performance in moderate income census (20.2%) tracts was comparable to the percentage of area businesses (22.2%) and the aggregate level of lending in such tracts (21.5%). The bank’s lending to small businesses located in low- and moderate-income census tracts in 2020 was considered excellent, and 2019 lending was substantially similar.

Distribution by Borrower Income and Revenue Size of the Business:

The bank’s HMDA borrower distribution performance is considered poor overall. Conversely, the bank’s small business borrower distribution performance is considered adequate overall. On a combined basis, the bank’s borrower distribution is considered adequate based on the relative performance level of each product.

Distribution of HMDA Loans by Income Level of Borrower

Virginia Beach-Norfolk-Newport News, VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	HMDA Totals							
Low	0	0.0	0	0.0	3,819	5.4	511,312	2.8
Moderate	1	20.0	200	32.8	16,823	23.7	3,206,208	17.5
Middle	2	40.0	170	27.9	19,341	27.2	4,626,305	25.3
Upper	2	40.0	240	39.3	31,147	43.7	9,936,630	54.4
Total	5	100.0	610	100.0	71,130	100.0	18,280,455	100.0
Unknown	58		20,470		39,386		11,971,509	

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

During 2020, the bank’s lack of lending to low-income borrowers (0%) lagged the percentage of low-income families in the assessment area (21.3%) and the aggregate level of lending to low-income borrowers (5.4%). PB’s level of lending to moderate-income borrowers (20%) exceeded the percentage of moderate-income families in the assessment area (17.4%), but lagged the aggregate level of lending to moderate-income borrowers (23.7%). This level of lending is considered adequate during 2020.

During 2019, PB reported three HMDA loans totaling \$728,000 where borrower incomes were known. Of these loans, none were extended to low- or moderate- income borrowers. All three loans were made to upper-income borrowers. PB’s lack of lending to low- and moderate-income borrowers significantly lagged the percentage of low- and moderate-income families in the assessment area (21.3% and 17.4%, respectively) as well as the aggregate level of lending to such borrowers (5.7% and 23.9%, respectively). This level of lending is considered very poor.

Overall, the bank’s combined HMDA borrower lending distribution is considered poor based upon the relative performance levels and dollar volume of lending each year.

Distribution of Lending by Loan Amount and Size of Business

Virginia Beach-Norfolk-Newport News, VA (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	17	31.5	3,318	27.4	13,431	47.3	356,085	37.6
Over \$1 Million	20	37.0	4,718	38.9	NA	NA	NA	NA
Unknown	17	31.5	4,091	33.7	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	30	55.6	1,516	12.5	26,764	94.4	375,593	39.6
\$100,001-\$250,000	8	14.8	1,320	10.9	797	2.8	137,508	14.5
\$250,001-\$1 Million	16	29.6	9,291	76.6	805	2.8	435,039	45.9
Total	54	100.0	12,127	100.0	28,366	100.0	948,140	100.0

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

D&B data from 2019 indicates that 92.7% of local businesses have revenues less than \$1 million per year. According to 2019 aggregate data, 47.3% 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 the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loan originated by traditional bank lenders, 56.1% were made to businesses with revenues less than \$1 million. In comparison, the bank extended 31.5% of its small business loans to businesses with revenues less than \$1 million. When compared to the adjusted aggregate level of lending, the bank’s small business borrower distribution performance in 2019 is considered poor.

Distribution of Lending by Loan Amount and Size of Business

Virginia Beach-Norfolk-Newport News, VA (2020)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	31	7.3	7,735	20.0	12,442	39.2	431,877	22.8
Over \$1 Million	24	5.6	7,782	20.1	NA	NA	NA	NA
Unknown	371	87.1	23,109	59.9	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	332	77.9	10,152	26.3	27,421	86.3	580,359	30.7
\$100,001-\$250,000	53	12.4	8,902	23.0	2,511	7.9	407,338	21.6
\$250,001-\$1 Million	41	9.7	19,572	50.7	1,827	5.8	902,392	47.7
Total	426	100.0	38,626	100.0	31,759	100.0	1,890,089	100.0

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

As mentioned earlier in the evaluation, the bank’s participation in PPP represented a significant majority of the small business lending in 2020 and revenue information was not utilized (consistent with data collection and reporting requirements of the program) when determining the bank’s lending performance among businesses of different sizes. Instead, loan size was used as a proxy for loans with revenues not available, to evaluate the 2020 small business borrower distribution performance. Conclusions for the 2020 small business lending considered the institution’s percentage of small business loans in amounts of \$100,000 or less. A higher percentage of small dollar (\$100,000 or less) small business loans is considered to be more responsive to the needs of smaller-sized businesses and demonstrates a favorable penetration among businesses of different sizes. During 2020, the bank’s percentage of small business loans in amounts of less than \$100,000 (77.9%) was comparable to the aggregate level (82.8%) after excluding specialized lenders. The small business borrower distribution performance for 2020 is considered good.

The dollar volume of small business lending in 2019 (\$12.1 million) lagged lending volumes in 2020 (\$38.6 million). As such, small business borrower distribution performance in 2020 was given greater weight when determining overall conclusions. PB's small business borrower distribution performance was considered adequate overall.

Community Development Loans:

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

Considering the institution's capacity and reasonably available opportunities, the institution makes an adequate level of community development loans within the assessment area. During the evaluation period, the bank made seven qualified community development loans totaling \$8.9 million inside this assessment area.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated Low Satisfactory. Considering the bank's qualified investments specific to this assessment area, institution-wide, and statewide investments, the bank holds an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, rarely in a leadership position. The bank also makes occasional use of innovative and/or complex investments to support community development initiatives. PB exhibits adequate responsiveness to credit and community development needs in the assessment area. The bank does not hold any qualified community development investments specifically impacting this assessment area, except for a charitable donation made to an organization for community development services in the amount of \$300. Other qualified investments in this assessment area include those activities previously described at the institutional or statewide level.

SERVICE TEST

The bank's service test rating for this assessment area is considered Low Satisfactory. This conclusion is based on the bank's branch distribution, branching activity during the review period, availability of alternative delivery systems, range of services provided in the assessment area, and extent/innovativeness of community development services.

Retail Services:

Delivery systems are reasonably accessible to individuals and geographies of varying income levels within the assessment area. The bank currently operates seven branches within the assessment area, of which one (14.3%) and three (42.9%) branches are located in low- and moderate-income geographies, respectively. Within the assessment area, 5.6% and 26.2% of area households are located in low- and moderate-income census tracts, respectively. Branching activity impacting this assessment area has not occurred since the previous evaluation. 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. The institution offers no-cost checking products as well as low-cost checking to businesses. Such accounts 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. During the review period, the bank provided an adequate level of qualified community development services.

In addition to service activities that benefit multiple assessment areas, the bank supported the following organization which specifically benefited this assessment area.

- Veterans Business Outreach Center
 - A bank employee provided a financial literacy seminar to small business owners in the assessment area ("Boots 2 Business" SBA program). The organization supports permanent job creation, retention, and or/improvement in low- and moderate-income geographies (small business development corporation).

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION’S OPERATIONS IN METROPOLITAN AREAS

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

Conclusions regarding performance, which did not impact the institution’s overall rating, are included in the following tables. 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
Charlottesville, VA MSA	Consistent	Consistent	Consistent

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 ESSEX, VIRGINIA NONMSA

The Essex, Virginia NonMSA assessment area is comprised of six counties within the northeastern portions of Virginia and the bank currently operates eight branches. While there are no low- or moderate-income census tracts within this assessment area there are three middle-income census tracts classified as underserved (Bath, Northumberland, and Richmond Counties). According to data published by the FFIEC, census tracts are designated underserved when they are located in predominately rural areas that are distant from population centers and they may lack access to certain services.

On a combined basis, this assessment area accounts for 5.7% of the bank's combined 2019 and 2020 lending (dollar volume), 19% of branches, and 33.6% of deposit volume. Information about loan volume, branches, and deposits are included in **Appendix D** of this report and a complete composition of the assessment area is detailed in **Appendix E**.

As of June 30, 2021, the institution ranked second out of ten financial institutions in local deposit market share according to data compiled by the FDIC and held 30.3% of assessment area deposits (credit union deposits not included). According to 2015 ACS data, the assessment area has a population of 83,639 and a median housing value of \$197,766. The owner-occupancy rate for the Essex, VA NonMSA equaled 58.5%, which is consistent with the statewide rate (59.2%) and the rate for nonmetropolitan areas of Virginia (57.8%). Within the assessment area, 8.8% of families were considered below the poverty level, which was consistent with the percentage of such families in Virginia (8.2%), but lower than the rate for nonmetropolitan areas of the commonwealth (13.3%). The 2019 and 2020 median family incomes for nonmetropolitan areas in Virginia were \$56,100 and \$58,100, respectively.

The following table includes relevant demographic data for the 2020 Essex, VA NonMSA assessment area.

Assessment Area Demographics

Essex, VA NonMSA <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	0	0.0	0	0.0	0	0.0	3,381	14.8
Moderate	0	0.0	0	0.0	0	0.0	3,414	14.9
Middle	9	36.0	8,366	36.6	854	10.2	4,458	19.5
Upper	13	52.0	14,503	63.4	1,158	8.0	11,616	50.8
NA	3	12.0	0	0.0	0	0.0		
Total	25	100.0	22,869	100.0	2,012	8.8	22,869	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	6,046	18.0
Moderate	0	0.0	0	0.0	0	0.0	4,049	12.1
Middle	9,416	35.4	12,274	36.6	1,755	14.3	5,370	16.0
Upper	17,159	64.6	21,270	63.4	2,579	12.1	18,079	53.9
NA	0	0.0	0	0.0	0	0.0		
Total	26,575	100.0	33,544	100.0	4,334	12.9	33,544	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	1,290	38.2	1,166	37.3	110	50.7	14	40.0
Upper	2,086	61.8	1,958	62.7	107	49.3	21	60.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	3,376	100.0	3,124	100.0	217	100.0	35	100.0
Percentage of Total Businesses:				92.5		6.4		1.1

*NA-Tracts without household or family income as applicable

This assessment area is relatively rural compared to the bank’s metropolitan assessment areas, and the local economy is largely driven by fishing, farming, healthcare, manufacturing, and tourism. Major employers include local governments, school boards, and medical centers. Recent and historical unemployment rates since the previous evaluation are included in the following table.

Essex, VA NonMSA Annual Average Unemployment Rates		
Area	2019	2020
Caroline County, VA	3.09%	6.72%
Essex County, VA	3.41%	6.96%
Lancaster County, VA	4.16%	7.24%
Middlesex County, VA	2.46%	5.10%
Northumberland County, VA	4.14%	6.33%
Richmond County, VA	2.86%	4.87%
NonMSA Virginia	3.42%	6.75%
Commonwealth of Virginia	2.68%	6.24%
<i>Source: Bureau of Labor Statistics(BLS), Local Area Unemployment Statistics</i>		

As indicated in the table, area unemployment rates have risen significantly across all geographies since the previous evaluation in 2019. Beginning in March 2020, nationwide quarantine restrictions imposed to combat the Coronavirus (COVID-19) pandemic led to severe economic disruptions resulting in high levels of unemployment.

A local economic development official was recently contacted to assist in evaluating PB’s CRA performance. The contact noted that while Essex County is facing similar economic challenges as other counties throughout the state and country, because of the pandemic, Essex County is unique in that it also has a high rate of poverty. Additionally, Essex County is comprised of three census tracts, one of which is designated as an Opportunity Zone. The contact indicated that due to increased cost of goods and services caused by high rates of inflation and soaring prices of real estate, there is demand for more affordable housing within the county. Further, the contact shared the need for increased participation by local financial institutions and private investors, particularly within the Opportunity Zone in the area. The official was not aware of any bank participating in discriminatory acts.

Overall, community development opportunities are reasonably available within the bank's assessment area when considering performance context factors, and the institution faces no significant constraints to take advantage of these opportunities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ESSEX, VA NONMSA ASSESSMENT AREA

LENDING TEST

The institution's overall lending performance within this assessment area is rated Low Satisfactory. This conclusion is based primarily on the institution’s lending activity, geographic and borrower performance, and its level of community development lending, while also considering the bank’s market strategy, area demographic data, and aggregate data.

During 2019 and 2020, the bank originated \$3.4 million in HMDA loans and \$19.8 million in small business loans. Accordingly, the bank’s small business lending performance was given greater weight when evaluating overall performance.

Lending Activity:

The institution’s lending levels reflect adequate responsiveness to assessment area credit needs during the evaluation period. During 2019 and 2020, the bank reported 26 HMDA, 312 small business loans, and nine 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 (9.6%) and dollar volume (5.7%) lags the percentage of bank branches (19%) and substantially lags the percentage of local deposits (33.6%). While PB’s lending activity relative to branching and deposits in the assessment area is poor, its ranking compared to aggregate HMDA and CRA reporters is good.

According to 2020 aggregate loan data, the institution ranked 44th out of 297 reporters in HMDA lending volume with a .4% market share and ranked 2nd out of 77 reporters in small business/farm lending volume with a 13.6% market share in the assessment area.

Geographic Distribution:

Given the absence of low- or moderate-income tracts in the assessment area, the bank’s performance was based on its lending activity in the middle-income tracts in the area. PB’s geographic distribution performance in middle-income tracts was considered good overall for HMDA lending and excellent for small business lending. Overall, the geographic distribution of lending in middle-income census tracts is considered excellent given the greater weight afforded to small business lending due to the larger dollar volume of lending.

Distribution of HMDA Loans by Income Level of Census Tract

Essex, VA NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
	(2) Home Purchase				(2,354)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	0	0.0	747	31.7	169,091	28.6
Upper	2	100.0	450	100.0	1,606	68.3	422,478	71.4
	(10) Refinance				(2,669)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	5	50.0	457	49.6	836	31.3	182,516	28.9
Upper	5	50.0	464	50.4	1,833	68.7	449,072	71.1
	(2) Home Improvement				(110)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	2	100.0	128	100.0	39	35.5	3,218	29.9
Upper	0	0.0	0	0.0	71	64.5	7,538	70.1
	(0) Multi-Family				(3)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	0	0.0	2	66.7	802	88.9
Upper	0	0.0	0	0.0	1	33.3	100	11.1
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	7	50.0	585	39.0	1,624	31.6	355,627	28.8
Upper	7	50.0	914	61.0	3,511	68.3	879,188	71.2
NA*	0	0.0	0	0.0	3	0.1	601	0.0
Total	14	100.0	1,499	100.0	5,138	100.0	1,235,416	100.0

NA*-Tracts without household or family income as applicable

During 2020, the majority of HMDA loans reported by the bank and aggregate lenders were for refinance transactions, followed by home purchase and home improvement transactions. Given that the bank did not extend any multifamily loans, this product was not considered in the analysis. Considering both demographic and aggregate proxies for demand, the bank’s performance for its refinance and home improvement lending in middle-income census tracts are both considered excellent, while home purchase lending in middle-income tracts is considered poor.

The bank’s level of lending in middle-income census tracts (50%) exceeded both the percentage of owner-occupied housing units located in middle-income census tracts (35.4%) as well as the aggregate level of lending in such tracts (31.6%). PB’s geographic distribution of lending in middle-income census tracts during 2020 is considered excellent.

During 2019, PB reported 12 HMDA loans totaling \$1.9 million. Of these loans, four (33.3%) totaling \$195,000 (10.3%) were extended in middle-income census tracts, which is comparable to the percentage of owner-occupied housing units in middle-income geographies (35.4%) as well as the proportion of aggregate loans in such census tracts (33.4%). PB’s geographic distribution of lending in middle-income census tracts during 2019 is considered good.

Overall, the bank’s combined HMDA geographic lending distribution in middle-income census tracts is considered good based upon the relative performance levels and larger dollar volume of lending during 2019.

Distribution of Small Business Loans by Income Level of Census Tract

Essex, VA NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	161	58.1	10,456	68.0	744	45.6	39,766	52.9
Upper	116	41.9	4,926	32.0	889	54.4	35,387	47.1
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	277	100.0	15,382	100.0	1,633	100.0	75,153	100.0

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

During 2020, the bank’s small business lending in middle-income census tracts (58.1%) was greater than the percentage of area businesses (38.2%) and the aggregate lending in such tracts (45.6%). The bank’s lending to small businesses located in middle-income census tracts in 2020 was considered excellent, and 2019 lending was substantially similar.

Distribution by Borrower Income and Revenue Size of the Business:

The bank’s HMDA borrower distribution performance is considered excellent overall. Conversely, the bank’s small business borrower distribution performance is considered good overall. On a combined basis, the bank’s borrower distribution is considered good when considering relative weighting between products.

Distribution of HMDA Loans by Income Level of Borrower

Essex, VA NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	0	0.0	0	0.0	98	2.4	10,545	1.1
Moderate	4	30.8	187	13.6	464	11.4	69,133	7.1
Middle	5	38.5	639	46.5	884	21.6	158,981	16.4
Upper	4	30.7	548	39.9	2,640	64.6	730,667	75.4
Total	13	100.0	1,374	100.0	4,086	100.0	969,326	100.0
Unknown	1		125		1,052		266,090	

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

During 2020, the bank’s lack of lending to low-income borrowers (0%) lagged the percentage of low-income families in the assessment area (14.8%) and the aggregate level of lending to low-income borrowers (2.4%). On the other hand, PB’s level of lending to moderate-income borrowers (30.8%) substantially exceeded the percentage of moderate-income families in the assessment area (14.9%) and the aggregate level of lending to moderate-income borrowers (11.4%). The bank’s 2020 HMDA borrower distribution performance was considered excellent.

During 2019, PB reported nine HMDA loans totaling \$935,000 where borrower incomes were known. Of these loans, none were extended to low-income borrowers, which was less than the percentage of low-income families in the assessment area (14.8%) and the aggregate level of lending to such borrowers (3.5%). PB’s level of lending to moderate-income borrowers lagged the percentage of moderate-income families in the assessment area (14.9%) as well as the aggregate level of lending to such borrowers (13.4%). This level of lending is considered adequate.

Overall, the bank’s combined HMDA borrower lending distribution is considered excellent based upon the relative performance levels and dollar volume of lending each year.

Distribution of Lending by Loan Amount and Size of Business

Essex, VA NonMSA (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	15	41.7	1,794	40.4	641	45.5	19,163	46.7
Over \$1 Million	6	16.7	1,100	24.8	NA	NA	NA	NA
Unknown	15	41.6	1,547	34.8	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	23	63.9	924	20.8	1,334	94.7	20,414	49.8
\$100,001-\$250,000	7	19.4	1,157	26.1	47	3.3	7,762	18.9
\$250,001-\$1 Million	6	16.7	2,360	53.1	27	2.0	12,856	31.3
Total	36	100.0	4,441	100.0	1,408	100.0	41,032	100.0

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

D&B data from 2019 indicates that 92.5% of local businesses have revenues less than \$1 million per year. According to 2019 aggregate data, 45.5% 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 the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 54.4% were made to businesses with revenues less than \$1 million. In comparison, the bank extended 41.7% of its small business loans to businesses with revenues less than \$1 million. When compared to the adjusted aggregate level of lending, the bank’s small business borrower distribution performance in 2019 is considered adequate.

Distribution of Lending by Loan Amount and Size of Business

Essex, VA NonMSA (2020)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	28	10.1	2,447	15.9	671	40.6	24,233	32.0
Over \$1 Million	17	6.1	2,749	17.9	NA	NA	NA	NA
Unknown	232	83.8	10,186	66.2	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	242	87.4	6,750	43.9	1,489	90.1	30,426	40.1
\$100,001-\$250,000	25	9.0	3,919	25.5	106	6.4	17,041	22.5
\$250,001-\$1 Million	10	3.6	4,713	30.6	58	3.5	28,378	37.4
Total	277	100.0	15,382	100.0	1,653	100.0	75,845	100.0

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

As mentioned earlier in the evaluation, the bank’s participation in PPP represented a significant majority of the small business lending in 2020 and revenue information was not utilized (consistent with data collection and reporting requirements of the program) when determining the bank’s lending performance among businesses of different sizes. Instead, loan size was used as a proxy for loans with revenues not available, to evaluate the 2020 small business borrower distribution performance. Conclusions for the 2020 small business lending considered the institution’s percentage of small business loans in amounts of \$100,000 or less. A higher percentage of small dollar (\$100,000 or less) small business loans is considered to be more responsive to the needs of smaller-sized businesses and demonstrates a favorable penetration among businesses of different sizes. During 2020, the bank’s percentage of small business loans in amounts of less than \$100,000 (87.4%) was comparable to aggregate level (87.1%) after excluding specialized lenders. Small business borrower distribution performance for 2020 was considered to be good.

The dollar volume of small business lending in 2019 (\$4.4 million) lagged lending volumes in 2020 (\$15.4 million). As such, the small business borrower distribution performance in 2020 was given greater weight when determining overall conclusions. PB’s small business borrower distribution performance is considered good overall.

Community Development Loans:

Community development lending opportunities are limited within the assessment area compared to other metropolitan areas in the Commonwealth of Virginia. The bank faces no constraints relative to community development lending when considering its capacity and business strategy.

Considering the institution’s capacity and limited available opportunities, the institution makes few, if any community development loans within the assessment area. During the evaluation period, the bank did not make any qualified community development loans specifically impacting this assessment area.

INVESTMENT TEST

The institution’s level of responding to community development needs through its investment activities is rated Low Satisfactory. Considering the bank’s qualified investments specific to this assessment area, institution-wide, and statewide investments, the bank holds an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, and is rarely in a leadership position. The bank is considered to make occasional use of innovative and/or complex investments to support community development initiatives. The bank exhibits adequate responsiveness to credit and community development needs in the assessment area. The bank does not hold any qualified community development investments specifically impacting this assessment area except for a charitable donation made to an organization for community development services in the amount of \$500. Other qualified investments in this assessment area include those activities previously described at the institutional or statewide level.

SERVICE TEST

The bank's service test rating for this assessment area is considered Low Satisfactory. This conclusion is based on the bank's branch distribution, branching activity during the review period, availability of alternative delivery systems, range of services provided in the assessment area, and extent/innovativeness of community development services.

Retail Services:

Delivery systems are reasonably accessible to individuals and geographies of varying income levels within the assessment area. The bank currently operates eight branches within the assessment area, of which six are located in middle-income geographies and branching activity impacting this assessment area has not occurred since the previous evaluation. 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. The institution offers no-cost checking products as well as low-cost checking to businesses. Such accounts benefit all segments of the community, including low- and moderate-income individuals and small businesses.

Community Development Services:

The institution did not provide any community development services within the assessment area during the review period. However, conversations with a community development official indicate opportunities do exist for PB to provide financial expertise to community development organizations within the assessment area.

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

Assessment areas noted in the table, were reviewed using the limited review examination procedures. Information detailing the composition of the assessment areas, including selected demographic data, is included in **APPENDIX C** of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Facts and data reviewed for each assessment area, including performance and demographic 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
Clifton Forge, VA NonMSA	Consistent	Consistent	Consistent
Shenandoah, VA NonMSA	Consistent	Consistent	Consistent
Surry, VA NonMSA	Consistent	Consistent	Consistent

CRA APPENDIX A
SCOPE OF EXAMINATION

List of Assessment Areas	State	Review Type
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	Multistate CSA	Full Scope
Richmond, VA MSA	VA	Full Scope
Virginia Beach-Norfolk-Newport News, VA	VA	Full Scope
Essex, VA NonMSA	VA	Full Scope
Charlottesville, VA MSA	VA	Limited Scope
Clifton Forge, VA NonMSA	VA	Limited Scope
Shenandoah, VA NonMSA	VA	Limited Scope
Surry, VA NonMSA	VA	Limited Scope

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
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
State of Virginia	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory

CRA APPENDIX C

LIMITED REVIEW TABLES

Charlottesville, VA MSA Assessment Area

This assessment area is located in central Virginia and includes the City of Charlottesville, and the counties of Albemarle, Fluvanna, Greene, and Nelson. The bank operates one full-service branch location in this assessment area. Two low- and 12 moderate-income tracts are located within this assessment area.

Performance Test Data for Charlottesville, VA MSA Assessment Area

LENDING TEST

Limited Review Lending Table

Charlottesville, VA MSA (2020)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(1)				(0)			
Low	0	0.0	3.3	2.7	0	0.0	1.9	2.7
Moderate	0	0.0	11.8	16.9	0	0.0	11.2	16.9
Middle	0	0.0	56.5	54.5	0	0.0	48.4	54.5
Upper	1	100.0	28.4	26.0	0	0.0	38.5	26.0
	Refinance				Multi-Family			
<i>Geographic</i>	(0)				(0)			
Low	0	0.0	2.7	2.7	0	0.0	20.0	2.7
Moderate	0	0.0	11.0	16.9	0	0.0	46.7	16.9
Middle	0	0.0	53.4	54.5	0	0.0	6.7	54.5
Upper	0	0.0	32.9	26.0	0	0.0	26.7	26.0
	HMDA Totals				Consumer			
<i>Geographic</i>	(1)				(NA)			
Low	0	0.0	2.9	2.7	NA	NA	NA	NA
Moderate	0	0.0	11.3	16.9	NA	NA	NA	NA
Middle	0	0.0	54.3	54.5	NA	NA	NA	NA
Upper	1	100.0	31.5	26.0	NA	NA	NA	NA
<i>Borrower</i>	(0)				(NA)			
Low	0	0.0	5.9	20.4	NA	NA	NA	NA
Moderate	0	0.0	19.0	17.4	NA	NA	NA	NA
Middle	0	0.0	23.7	21.2	NA	NA	NA	NA
Upper	0	0.0	51.4	41.0	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(NA)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	NA	NA	NA	NA	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	NA	NA	NA	NA	NA	NA	NA	NA

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 benefitting this assessment area are limited to those previously discussed benefitting statewide or multistate areas.

SERVICE TEST

The bank operates one branch located in an upper-income census tract.

Banking services provided in this assessment area are identical to services offered at other branch locations throughout the bank's assessment areas. The bank did not participate in any community development service activities specifically benefitting this assessment area.

Clifton Forge, VA NonMSA Assessment Area

This assessment area is located in central Virginia and includes the City of Covington, and the counties of Alleghany and Bath. The bank operates one full-service branch location in this assessment area. There are no low- and one moderate-income tract located within this assessment area.

Performance Test Data for Clifton Forge, VA NonMSA Assessment Area

LENDING TEST

Limited Review Lending Table

Clifton Forge, VA NonMSA (2020)								
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	11.5	10.9	0	0.0	0.0	10.9
Middle	0	0.0	68.0	62.7	0	0.0	50.0	62.7
Upper	0	0.0	20.5	26.4	0	0.0	50.0	26.4
	Refinance				Multi-Family			
<i>Geographic</i>	(0)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	5.1	10.9	0	0.0	0.0	10.9
Middle	0	0.0	60.5	62.7	0	0.0	100.0	62.7
Upper	0	0.0	34.3	26.4	0	0.0	0.0	26.4
	HMDA Totals				Consumer			
<i>Geographic</i>	(0)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	8.2	10.9	NA	NA	NA	NA
Middle	0	0.0	64.2	62.7	NA	NA	NA	NA
Upper	0	0.0	27.6	26.4	NA	NA	NA	NA
<i>Borrower</i>	(0)				(NA)			
Low	0	0.0	8.2	21.5	NA	NA	NA	NA
Moderate	0	0.0	19.8	15.3	NA	NA	NA	NA
Middle	0	0.0	30.3	18.0	NA	NA	NA	NA
Upper	0	0.0	41.7	45.2	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(NA)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	NA	NA	NA	NA	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	NA	NA	NA	NA	NA	NA	NA	NA

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 benefitting this assessment area are limited to those previously discussed benefitting statewide or multistate areas.

SERVICE TEST

The bank operates one branch located in a middle-income census tract.

Banking services provided in this assessment area are identical to services offered at other branch locations throughout the bank's assessment areas. The bank did not participate in any community development service activities specifically benefitting this assessment area.

Shenandoah, VA NonMSA Assessment Area

This assessment area is located in the central-northern portion of Virginia and includes the county of Shenandoah. The bank operates one full-service branch location in this assessment area. There are no low- or moderate-income tracts located within this assessment area.

Performance Test Data for Shenandoah, VA NonMSA Assessment Area

LENDING TEST

Limited Review Lending Table

Shenandoah, VA NonMSA (2020)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(0)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	50.0	53.7	0	0.0	52.6	53.7
Upper	0	0.0	50.0	46.3	0	0.0	47.4	46.3
	Refinance				Multi-Family			
<i>Geographic</i>	(0)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	52.1	53.7	0	0.0	0.0	53.7
Upper	0	0.0	47.9	46.3	0	0.0	100.0	46.3
	HMDA Totals				Consumer			
<i>Geographic</i>	(0)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	51.2	53.7	NA	NA	NA	NA
Upper	0	0.0	48.8	46.3	NA	NA	NA	NA
<i>Borrower</i>	(0)				(NA)			
Low	0	0.0	2.8	14.6	NA	NA	NA	NA
Moderate	0	0.0	16.5	17.5	NA	NA	NA	NA
Middle	0	0.0	23.9	20.1	NA	NA	NA	NA
Upper	0	0.0	56.8	47.8	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(NA)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	NA	NA	NA	NA	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	NA	NA	NA	NA	NA	NA	NA	NA

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 benefitting this assessment area are limited to those previously discussed benefitting statewide or multistate areas.

SERVICE TEST

The bank operates one branch located in an upper-income census tract.

Banking services provided in this assessment area are identical to services offered at other branch locations throughout the bank's assessment areas. The bank did not participate in any community development service activities specifically benefiting this assessment area.

Surry, VA NonMSA Assessment Area

This assessment area is located in eastern Virginia and includes the county of Surry. The bank operates one full-service branch location in this assessment area. There are no low- or moderate-income tracts located within this assessment area.

Performance Test Data for Surry, VA NonMSA Assessment Area

LENDING TEST

Limited Review Lending Table

Surry, VA NonMSA (2020)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(0)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	NA	NA	NA	NA	NA	NA	NA	NA
Upper	0	0.0	100.0	100.0	0	0.0	100.0	100.0
	Refinance				Multi-Family			
<i>Geographic</i>	(2)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	NA	NA	NA	NA	NA	NA	NA	NA
Upper	2	100.0	100.0	100.0	0	0.0	0.0	100.0
	HMDA Totals				Consumer			
<i>Geographic</i>	(2)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	NA	NA	NA	NA	NA	NA	NA	NA
Upper	2	100.0	100.0	100.0	NA	NA	NA	NA
<i>Borrower</i>	(2)				(NA)			
Low	1	50.0	3.4	15.4	NA	NA	NA	NA
Moderate	0	0.0	18.0	9.8	NA	NA	NA	NA
Middle	0	0.0	28.1	23.8	NA	NA	NA	NA
Upper	1	50.0	50.6	51.0	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(NA)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	NA	NA	NA	NA	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	NA	NA	NA	NA	NA	NA	NA	NA

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 benefitting this assessment area are limited to those previously discussed benefitting statewide or multistate areas.

SERVICE TEST

The bank operates one branch located in an upper-income census tract.

Banking services provided in this assessment area are identical to services offered at other branch locations throughout the bank's assessment areas. The bank did not participate in any community development service activities specifically benefitting this assessment area.

CRA APPENDIX D

LOAN, BRANCH, AND DEPOSIT VOLUME BY ASSESSMENT AREA

The following table includes the distribution of Primis Bank branch offices, along with deposit and loan volume. The deposit volume includes all bank deposits and is current as of June 30, 2021, while the loan volume includes all reported HMDA, small business, and small farm loans considered in the evaluation.

Assessment Area	Combined 2019 & 2020 Loan Volume				Full-Service Branches		Deposit Volume	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
MULTISTATE MSA								
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	1,095	30.2%	\$122,916	28.1%	12	28.6%	\$590,776	21.2%
VIRGINIA								
Richmond, VA MSA	1,464	40.4%	\$172,580	39.5%	11	26.2%	\$832,379	29.8%
Virginia Beach-Norfolk-Newport News, VA	627	17.3%	\$103,627	23.7%	7	16.7%	\$286,679	10.3%
Essex, VA NonMSA	347	9.6%	\$25,094	5.7%	8	19%	\$936,411	33.6%
Charlottesville, VA NonMSA	41	1.1%	\$8,114	1.9%	1	2.4%	\$34,957	1.3%
Clifton Forge, VA NonMSA	9	0.2%	\$585	0.1%	1	2.4%	\$36,511	1.3%
Shenandoah, VA NonMSA	25	0.7%	\$2,745	0.6%	1	2.4%	\$36,868	1.3%
Surry, VA NonMSA	20	0.6%	\$1,193	0.3%	1	2.4%	\$33,187	1.2%
Virginia TOTAL	2,533	69.8%	\$313,938	71.9%	30	71.4%	\$2,196,992	78.8%
INSTITUTION TOTAL	3,628	100%	\$436,854	100%	42	100%	\$2,787,768	100%

**CRA APPENDIX E
ASSESSMENT AREA AND BRANCHING ACTIVITY**

The bank’s assessment areas are located in the multistate MSA assessment area as well as multiple MSA and NonMSA assessment areas throughout Virginia. The composition of the bank’s assessment areas is detailed in the following tables.

Multistate MSA Assessment Area Delineation			
Assessment Area Name	State	County/City	Tracts
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	DC	Washington	All
	VA	Alexandria	All
	VA	Arlington County	All
	VA	Clarke County	All
	VA	Culpeper County	All
	VA	Fairfax County	All
	VA	Fairfax	All
	VA	Falls Church	All
	VA	Fauquier County	All
	VA	Fredericksburg	All
	VA	Loudoun County	All
	VA	Madison County	All
	VA	Manassas	All
	VA	Manassas Park	All
	VA	Prince William County	All
	VA	Rappahannock County	All
	VA	Spotsylvania County	All
	VA	Stafford County	All
	VA	Warren County	All
	MD	Calvert	All
	MD	Charles	All
	MD	Frederick	All
	MD	Montgomery	All
MD	Prince George’s	All	
WV	Jefferson County	All	

Virginia Assessment Area Delineations			
Assessment Area Name	State	County/City	Tracts
Richmond, VA MSA	VA	Amelia County	All
	VA	Charles City County	All
	VA	Chesterfield County	All
	VA	Colonial Heights	All
	VA	Dinwiddie County	All
	VA	Goochland County	All
	VA	Hanover County	All
	VA	Henrico County	All
	VA	Hopewell	All
	VA	King and Queen County	All
	VA	King William County	All
	VA	New Kent County	All
	VA	Petersburg	All
	VA	Powhatan County	All
	VA	Prince George County	All
	VA	Richmond	All
VA	Sussex County	All	
Virginia Beach-Norfolk- Newport News VA-NC	VA	Chesapeake	All
	VA	Franklin	All
	VA	Gloucester County	All
	VA	Isle of Wight County	All
	VA	Hampton	All
	VA	James City County	All
	VA	Mathews County	All
	VA	Newport News	All
	VA	Norfolk	All
	VA	Poquoson	All
	VA	Portsmouth	All
	VA	Southampton County	All
	VA	Suffolk	All
	VA	Virginia Beach	All
	VA	Williamsburg	All
VA	York County	All	

Virginia Assessment Area Delineations			
Assessment Area Name	State	County/City	Tracts
Charlottesville, VA MSA	VA	Albemarle County	All
	VA	Charlottesville	All
	VA	Fluvanna County	All
	VA	Greene County	All
	VA	Nelson County	All
Essex VA NonMSA	VA	Essex County	All
	VA	Lancaster County	All
	VA	Middlesex County	All
	VA	Northumberland County	All
	VA	Richmond County	All
	VA	Caroline County	All
Clifton Forge, VA NonMSA	VA	Alleghany County	All
	VA	Bath County	All
	VA	Covington	All
Shenandoah, VA NonMSA	VA	Shenandoah County	All
Surry, VA NonMSA	VA	Surry County	All

The bank closed five branch offices in middle- and upper-income census tracts since the previous evaluation. The branch closings are detailed in the following table.

Assessment Area	Date	Address	City	State	Tract Income Level	Open/ Closed/ Acquired
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	4/15/2021	43086 Peacock Market Plaza	Chantilly	VA	Upper	Closed
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	6/15/2021	6719 LeaBerry Way	Haymarket	VA	Middle	Closed
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	6/15/2021	9707 Medical Center Dr Ste 150	Shady Grove	MD	Middle	Closed
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	6/15/2021	4009 Old Town Rd	Huntingtown	MD	Upper	Closed
Essex, VA NonMSA	8/13/2021	16273 General Puller Hwy	Deltaville	VA	Upper	Closed

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.