



PUBLIC DISCLOSURE

July 18, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Frontier Community Bank

Waynesboro, 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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3627109

400 Lew Dewitt Boulevard

Waynesboro, VA 22980

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

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered more than reasonable given its size, financial condition, and assessment area credit needs.
- A majority of the institution's residential mortgage and small business loans considered in the evaluation were originated within the assessment area.
- Lending to borrowers of different income levels and to businesses of different sizes is reasonable overall.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- The institution has not received any complaints regarding its Community Reinvestment Act (CRA) performance since the previous evaluation.

SCOPE OF EXAMINATION

Frontier Community Bank (FCB) was evaluated using the interagency evaluation procedures for a small bank developed by the Federal Financial Institutions Examination Council (FFIEC). The institution's residential mortgage and small business lending were identified as primary product lines given the number and dollar volume of loans originated during the review period.

FCB was required to report certain information regarding its residential mortgage lending for calendar year 2019 in accordance with the Home Mortgage Disclosure Act (HMDA). Due to changes in the HMDA reporting volume thresholds effective July 1, 2020, FCB was no longer required to report its residential mortgage loan data. Accordingly, the bank's reported 2019 HMDA data (30 loans) and non-reported 2020 (35 loans) and 2021 (35 loans) residential mortgage loan originations were included in the evaluation. Despite the difference in reporting, all three years of data considered in the evaluation are hereafter referenced as the bank's "residential mortgage lending."

FCB's small business loan originations during calendar year 2020 (161 loans) were also considered in the evaluation. While the bank's 2021 small business loan data is available, it is not included in this analysis because the aggregate CRA data for 2021 is not yet available. Because CRA aggregate data captures lending done under the same business and market conditions, CRA aggregate data from 2021 is an important performance context factor needed to evaluate the bank's lending performance.

DESCRIPTION OF INSTITUTION

FCB is headquartered in Waynesboro, Virginia and operates three full-service branches in the western portion of Virginia and has no holding company or affiliates. Since the previous evaluation, the bank converted its Lynchburg, VA loan production office (LPO) to a full-service branch on December 6, 2021. Due to this conversion the bank now delineates a second assessment area that is a part of the Lynchburg, VA MSA including the City of Lynchburg and Bedford County, Virginia. Considering the timing of the branch opening (December 2021), the Lynchburg, VA assessment area was not analyzed during this evaluation. The institution received a Satisfactory rating at the prior CRA evaluation dated June 11, 2018. No legal impediment exists that would prevent the bank from meeting the credit needs of its assessment area.

As of March 31, 2022, the bank’s assets totaled \$145.8 million, of which 74.5% (\$108.7 million) were net loans. Deposits totaled \$126.1 million during this same period. Various deposit and loan products are available through the institution, including residential mortgage, business, and consumer purpose loans. The composition of the loan portfolio (reflecting gross loans) is depicted in the following table.

Composition of Loan Portfolio

Loan Type	3/31/2022	
	\$(000s)	%
Secured by 1-4 Family dwellings	41,722	38.0
Multifamily	2,561	2.3
Construction and Development	10,765	9.8
Commercial & Industrial/ NonFarm NonResidential	43,600	39.7
Consumer Loans and Credit Cards	2,085	1.9
Agricultural Loans/ Farmland	9,108	8.3
All Other	0	0.0
Total	109,841	100.0

As indicated by the preceding table, the bank is an active residential mortgage and commercial/small business lender. Although the bank offers a variety of lending products other than residential mortgage and commercial loans, such lending represents a smaller portion of overall lending activity. Due to their relative size and prominence compared to other loan products, residential mortgage and commercial/small business loans were used for this evaluation.

In April 2020, the Small Business Administration (SBA) created the Paycheck Protection Program (PPP). This program was designed to provide direct incentive for small businesses, allow workforces to remain employed, and promote economic stability during the Coronavirus (Covid-19) pandemic. Since the PPP was established, FCB has originated 186 loans totaling approximately \$17.7 million. FCB’s origination of PPP loans is an example of the bank being responsive to area credit needs.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN STAUNTON, VA MSA

FCB operates two full-service branches within the Staunton, VA MSA. The bank’s assessment area delineation includes the entire MSA, which consists of all census tracts in Augusta County and the cities of Staunton and Waynesboro in the Commonwealth of Virginia. The bank has not opened or closed any branches in the Staunton, VA MSA assessment area since the previous evaluation.

As of June 30, 2021, FCB ranked 5th out of 14 financial institutions in local deposit market share according to data compiled by the Federal Deposit Insurance Corporation (FDIC) and held 6.2% of the assessment area’s deposits (excluding credit union deposits).

According to 2015 American Community Survey (ACS) data, the assessment area has a population of 119,396 and a median housing value of \$183,408. The owner-occupancy rate for the assessment area (62.7%) is greater than the owner-occupancy rate for the Commonwealth of Virginia (59.2%). The percentage of families living below the poverty level in the assessment area (8.9%) is slightly greater than the rate in the Commonwealth (8.2%). The 2020 and 2021 HUD estimated median family incomes in the assessment area equaled \$71,400 and \$71,200, respectively.

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

Assessment Area Demographics

Staunton, VA MSA (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	1	4.2	267	0.8	136	50.9	6,351	19.7
Moderate	3	12.5	3,440	10.7	786	22.8	5,913	18.4
Middle	18	75.0	26,209	81.3	1,831	7.0	7,316	22.7
Upper	2	8.3	2,305	7.2	122	5.3	12,641	39.2
NA	0	0.0	0	0.0	0	0.0		
Total	24	100.0	32,221	100.0	2,875	8.9	32,221	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	82	0.2	561	1.2	238	42.4	10,883	22.9
Moderate	3,078	9.2	4,991	10.5	1,071	21.5	8,273	17.4
Middle	27,818	83.1	38,777	81.5	4,529	11.7	8,992	18.9
Upper	2,478	7.5	3,239	6.8	215	6.6	19,420	40.8
NA	0	0.0	0	0.0	0	0.0		
Total	33,456	100.0	47,568	100.0	6,053	12.7	47,568	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	201	4.2	175	4.0	24	6.9	2	4.4
Moderate	288	6.0	263	6.0	16	4.6	9	20.0
Middle	3,930	82.0	3,621	82.4	275	78.8	34	75.6
Upper	372	7.8	338	7.6	34	9.7	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	4,791	100.0	4,397	100.0	349	100.0	45	100.0
Percentage of Total Businesses:				91.8		7.3		0.9

*NA-Tracts without household or family income as applicable

The assessment area is located in the western portion of the Commonwealth of Virginia. Staunton and Waynesboro are independent cities surrounded by Augusta County. Large portions of Augusta County are designated as national forest and national park land. Major employers include the Augusta County School Board, Augusta Medical Center, Hershey Chocolate of Virginia, and McKee Foods Corporation.

The average annual unemployment rates for each locality within the assessment area, the full MSA, and the Commonwealth of Virginia since 2017 are included in the following table.

Staunton, VA MSA Average Annual Unemployment Rates					
Geographic Area	2017	2018	2019	2020	2021
Augusta County, VA	3.37%	2.69%	2.42%	4.58%	3.06%
Staunton City, VA	3.54%	2.82%	2.66%	6.28%	3.81%
Waynesboro City, VA	3.96%	3.20%	2.85%	6.58%	4.13%
Staunton, VA MSA	3.51%	2.80%	2.55%	5.28%	3.40%
Commonwealth of VA	3.67%	2.95%	2.76%	6.20%	3.91%

Prior to the Covid-19 pandemic and subsequent economic shut down, the assessment area was experiencing a relatively stable and slightly declining unemployment rate environment. Generally, unemployment rates for the assessment area were consistent with unemployment rates across the Commonwealth, suggesting normal labor conditions within the assessment area. Unemployment rates spiked in 2020 due to the pandemic and nationwide economic shutdown but have since begun declining and remain relatively consistent with MSA and statewide unemployment levels.

An affordable housing official was recently contacted to discuss local economic conditions and affordable housing needs. The contact indicated the local area would benefit from additional affordable housing and access to gap funding for affordable workforce housing. He also noted investing in affordable housing funds could be an opportunity for community banks to help the local community economically. Overall, the contact indicated that area financial institutions are reasonably serving the banking needs of the local economy.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

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

Aggregate loan data is also used as a proxy for demand when evaluating the bank’s lending performance. Aggregate HMDA data includes all activity by lenders subject to reporting residential mortgage data within the bank’s assessment area. FCB’s lending was included in the 2019 aggregate HMDA data, but since the bank was not subject to reporting in 2020 or 2021, its residential mortgage lending activity is not included in the aggregate HMDA data for those years. Nevertheless, the aggregate data serves as a meaningful proxy for residential mortgage loan demand in the area. Similarly, the aggregate CRA data includes all activity by lenders subject to reporting small business data within the assessment area. Because the bank is not required to report small business loan data, FCB’s small business loans are not included in the aggregate data.

The borrower and geographic distribution performance of FCB’s 2019 HMDA loans focused on performance for Home Purchase, Home Improvement, Refinancing, and Multi-family loan categories. Performance for the Not Applicable, Other Closed, and Other Line of Credit loan categories was not evaluated because not all HMDA reporters are required to report each loan category, or the category contains relatively few loans overall.

When evaluating the borrower and geographic distribution for a specific loan category within an assessment area, primary emphasis is placed on the number (and corresponding percentage) of loans originated or purchased. To arrive at an overall assessment area level conclusion regarding the distribution of lending, performance in each loan category is then generally weighted by dollar volume of such loans made in the assessment area. Within the Staunton, VA MSA assessment area, FCB originated 20 residential mortgage loans totaling \$4.9 million and 95 small business loans totaling \$13.1 million during 2020. Accordingly, small business lending carries greater weight in determining overall performance.

While residential mortgage loan data from calendar years 2019, 2020, and 2021 were fully analyzed and considered in the evaluation, only bank and aggregate data from 2021 are presented in the assessment area tables. In instances where the performance varies significantly from the 2021 performance presented in the table, the variance and the corresponding impact on overall performance is discussed. The lending analysis tables for 2019 and 2020 are located in **Appendix A**.

Loan-To-Deposit Ratio

The bank’s loan-to-deposit ratio is considered more than reasonable given the bank’s size, financial condition, and assessment area credit needs. To assess the adequacy of FCB’s loan-to-deposit performance, one similarly situated institution of similar size operating within the bank’s assessment area was identified for this evaluation. FCB’s current (March 31, 2022) loan-to-deposit ratio equals 86.2% and averaged 94.1% for the 16-quarter period ending March 31, 2022. The 16-quarter average for the peer institution equaled 99.7% during the same period. Since June 30, 2018, the bank’s assets, net loans, and deposits have grown by 22%, 10.6%, and 21.4% respectively.

Lending In Assessment Area

To determine the institution’s volume of lending within its assessment area, the geographic location of the bank’s 2019, 2020 and 2021 residential mortgage loans and 2020 small business loans were considered. The distribution of lending inside and outside of the bank’s assessment area is depicted in the following table.

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

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	12	60.0	3,342	50.1	8	40.0	3,333	49.9
Home Improvement	0	0.0	0	0.0	0	0.0	0	0.0
Refinancing	5	62.5	1,541	83.2	3	37.5	311	16.8
Multi-Family Housing	0	0.0	0	0.0	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	2	100.0	70	100.0	0	0.0	0	0.0
Other Purpose LOC	0	0.0	0	0.0	0	0.0	0	0.0
Total HMDA related	19	63.3	4,953	57.6	11	36.7	3,644	42.4
Small Business	95	59.0	13,088	57.7	66	41.0	9,604	42.3
Small Bus - Secured by Real Estate	0	0.0	0	0.0	0	0.0	0	0.0
Total Small Bus. Related	95	59.0	13,088	57.7	66	41.0	9,604	42.3
Residential Mortgage Loans	48	68.6	15,260	56.7	22	31.4	11,667	43.3
TOTAL LOANS	162	62.1	33,301	57.2	99	37.9	24,915	42.8

As indicated in the preceding table, a majority of the total number (62.1%) and dollar amount (57.2%) of loans considered in the evaluation were extended within the bank’s assessment area. Overall, the institution’s level of lending in its assessment area is considered responsive to community credit needs.

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

FCB’s borrower distribution performance for residential mortgage lending is considered poor, while small business lending is considered reasonable. Based on the relative performance level and loan volume of each product, the bank’s overall borrower distribution is considered reasonable.

Distribution of Mortgage Loans by Income Level of Borrower

Staunton, VA MSA (2021)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Mortgage Totals								
Low	0	0.0	0	0.0	427	8.1	53,198	5.0
Moderate	5	26.3	637	20.1	1,430	27.1	228,793	21.6
Middle	4	21.1	558	17.6	1,571	29.8	302,577	28.6
Upper	10	52.6	1,968	62.3	1,841	35.0	474,032	44.8
Total	19	100.0	3,163	100.0	5,269	100.0	1,058,600	100.0
Unknown	3		2,118		1,300		306,090	

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

During 2021, FCB’s residential mortgage lending to low-income borrowers (0%) substantially lagged the percentage of low-income families in the area (19.7%) and the aggregate level of lending (8.1%). Conversely, the bank’s lending to moderate-income borrowers (26.3%) surpassed the percentage of moderate-income families in the area (18.4%) and approximated the aggregate level of lending (27.1%). FCB’s performance is considered reasonable in large part because of its level of lending to moderate-income borrowers.

During 2020, FCB originated 16 residential mortgage loans totaling \$4.2 million within the assessment area for which borrower incomes were known. The bank did not originate any residential mortgage loans to low-income borrowers (0%) which substantially lagged the percentage of low-income families in the area (19.7%) and the aggregate level of lending (9%). FCB also made no residential mortgage loans to moderate-income borrowers (0%) which also significantly lagged the percentage of moderate-income families in the area (18.4%) and the aggregate level of lending (28.2%). Overall, this level of performance is considered very poor and its lending in 2019 is substantially similar.

Overall, the bank’s borrower distribution performance for residential mortgage lending is considered poor based upon relative performance levels and volume of lending each year.

Distribution of Lending by Loan Amount and Size of Business

Staunton, VA MSA (2020)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	21	22.1	5,092	38.9	820	40.0	35,073	30.0
Over \$1 Million	2	2.1	615	4.7	NA	NA	NA	NA
Unknown	72	75.8	7,382	56.4	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	60	63.2	2,419	18.5	1,789	87.3	41,162	35.2
\$100,001-\$250,000	17	17.9	2,533	19.4	164	8.0	26,817	22.9
\$250,001-\$1 Million	18	18.9	8,136	62.1	96	4.7	49,122	41.9
Total	95	100.0	13,088	100.0	2,049	100.0	117,101	100.0

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

During 2020, 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 PPP loans. Since PPP loans represent a significant portion of FCB’s small business lending in 2020, examiners evaluated the borrower distribution performance for small business lending using loan size as a proxy for loans with revenues not available. Borrower distribution performance conclusions in 2020 consider the institution’s percentage of small business loans in amounts of \$100,000 or less, with a higher percentage of smaller dollar loans considered to be more responsive to the needs of smaller-sized businesses and represent a favorable penetration among businesses of different sizes.

D&B data from 2020 indicates that 91.8% of all local businesses have revenues that do not exceed \$1 million per year. During 2020, the bank originated 63.2% of its small business loans in amounts of \$100,000 or less. While this level of lending lags the aggregate lending level, overall, given the need for such lending during the pandemic, FCB’s performance is considered reasonable.

Geographic Distribution of Loans

FCB’s geographic distribution performance is considered reasonable overall for both residential mortgage and small business lending.

Distribution of Mortgage Loans by Income Level of Census Tract

Staunton, VA MSA (2021)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	Mortgage Totals							
Low	0	0.0	0	0.0	26	0.4	3,823	0.3
Moderate	2	9.1	258	4.9	724	11.0	140,136	10.3
Middle	17	77.3	4,729	89.5	5,281	80.4	1,106,269	81.1
Upper	3	13.6	295	5.6	538	8.2	114,462	8.3
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	22	100.0	5,282	100.0	6,569	100.0	1,364,690	100.0

NA*-Tracts without household or family income as applicable

During 2021, FCB did not originate a residential mortgage loan in the one low-income tract within the area. While this level of lending lagged both the percentage of owner-occupied housing units (0.2%) and the aggregate lending level (0.4%) in the low-income census tract within the assessment area, as evidenced by the demographic and aggregate figures, there is also minimal demand in the tract. FCB’s lending in moderate-income census tracts (9.1%) approximated the level of owner-occupied housing units located in moderate-income tracts (9.2%) and the aggregate level of lending (11%) in such tracts. Overall, the bank’s performance is considered reasonable in 2021.

During 2020, FCB originated 20 residential mortgage loans totaling \$4.9 million within the assessment area. The bank’s geographic distribution performance is considered excellent overall, and is driven primarily by its lending penetration in moderate-income census tracts. While the bank made no loans in the low-income census tract in the area, which lagged the level of owner-occupied housing units (0.2%) and the aggregate level of lending (0.3%) in such tracts, as previously discussed, there is minimal demand in the census tract. FCB’s residential mortgage lending in moderate-income census tracts (15%) significantly exceeded both the level of owner-occupied housing units (9.2%) and the aggregate level of lending (9.6%) in such tracts and is considered excellent.

In 2019 the bank originated 17 HMDA loans totaling \$4.9 million within the assessment area. FCB made no loans in the low-income census tract which lagged both the level of owner-occupied housing units (0.2%) and the aggregate level of lending (0.5%) in the tract. Similar to the levels of lending in 2020 and 2021, there was minimal demand within the tract. FCB’s HMDA lending in moderate-income census tracts (11.8%) surpassed the level of owner-occupied housing units (9.2%) and slightly exceeded the aggregate level of lending (10.5%) in such tracts. Overall, FCB’s 2019 residential mortgage lending performance is considered reasonable.

Overall, the bank’s residential mortgage lending distribution during 2019, 2020 and 2021 is considered reasonable based on the relative performance levels and the dollar volume of loans each year.

Distribution of Small Business Loans by Income Level of Census Tract

Staunton, VA MSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	6	6.3	676	5.2	69	3.4	4,389	3.8
Moderate	2	2.1	131	1.0	138	6.8	4,463	3.8
Middle	75	78.9	10,664	81.5	1,656	81.5	96,447	82.7
Upper	12	12.7	1,617	12.3	170	8.3	11,290	9.7
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	95	100.0	13,088	100.0	2,033	100.0	116,589	100.0

*NA-Tracts without household or family income as applicable

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

FCB’s small business lending in low-income census tracts (6.3%) exceeded the percentage of businesses located in low-income census tracts (4.2%) and the aggregate level of lending (3.4%) in such tracts. Within moderate-income census tracts, the bank’s small business lending (2.1%) lagged the percentage of small businesses (6%) and the aggregate lending level (6.8%). On a combined basis, the institution’s geographic distribution performance for small business lending is considered reasonable.

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.

CRA APPENDIX A
FULL-SCOPE REVIEW TABLES

Staunton, VA MSA

Borrower Distribution Tables

Distribution of Mortgage Loans by Income Level of Borrower

Staunton, VA MSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
	Mortgage Totals							
Low	0	0.0	0	0.0	411	9.0	46,837	5.3
Moderate	0	0.0	0	0.0	1,283	28.2	198,158	22.5
Middle	1	6.3	140	3.3	1,218	26.7	233,794	26.6
Upper	15	93.7	4,040	96.7	1,645	36.1	401,126	45.6
Total	16	100.0	4,180	100.0	4,557	100.0	879,915	100.0
<i>Unknown</i>	<i>4</i>		<i>674</i>		<i>1,169</i>		<i>287,651</i>	

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

Distribution of HMDA Loans by Income Level of Borrower

Staunton, VA MSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
	HMDA Totals							
Low	1	5.9	106	2.2	367	10.4	37,729	6.1
Moderate	0	0.0	0	0.0	1,014	28.8	142,841	23.1
Middle	0	0.0	0	0.0	975	27.7	165,928	26.9
Upper	16	94.1	4,777	97.8	1,164	33.1	270,810	43.9
Total	17	100.0	4,883	100.0	3,520	100.0	617,308	100.0
<i>Unknown</i>	<i>0</i>		<i>0</i>		<i>719</i>		<i>215,255</i>	

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

Geographic Distribution Tables

Distribution of Mortgage Loans by Income Level of Census Tract

Staunton, VA MSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
	Mortgage Totals							
Low	0	0.0	0	0.0	15	0.3	2,323	0.2
Moderate	3	15.0	638	13.1	550	9.6	101,926	8.7
Middle	13	65.0	3,361	69.2	4,665	81.5	962,666	82.5
Upper	4	20.0	855	17.7	495	8.6	100,411	8.6
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	20	100.0	4,854	100.0	5,725	100.0	1,167,326	100.0

NA*-Tracts without household or family income as applicable

Distribution of HMDA Loans by Income Level of Census Tract

Staunton, VA MSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
	(12) Home Purchase (2,474)							
Low	0	0.0	0	0.0	14	0.6	1,863	0.4
Moderate	0	0.0	0	0.0	288	11.6	51,597	10.8
Middle	11	91.7	3,192	95.5	1,985	80.2	384,681	80.6
Upper	1	8.3	150	4.5	187	7.6	39,360	8.2
	(5) Refinance (1,439)							
Low	0	0.0	0	0.0	7	0.5	773	0.3
Moderate	2	40.0	1,055	68.5	137	9.5	25,071	9.2
Middle	3	60.0	486	31.5	1,163	80.8	220,138	81.2
Upper	0	0.0	0	0.0	132	9.2	25,088	9.3
	(0) Home Improvement (306)							
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	20	6.5	904	6.0
Middle	0	0.0	0	0.0	259	84.6	12,771	84.3
Upper	0	0.0	0	0.0	27	8.9	1,475	9.7
	(0) Multi-Family (19)							
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	1	5.3	622	1.2
Middle	0	0.0	0	0.0	17	89.5	49,683	95.6
Upper	0	0.0	0	0.0	1	5.2	1,648	3.2
	HMDA Totals							
Low	0	0.0	0	0.0	21	0.5	2,636	0.3
Moderate	2	11.8	1,055	21.6	446	10.5	78,194	9.4
Middle	14	82.4	3,678	75.3	3,424	80.8	667,273	80.1
Upper	1	5.8	150	3.1	347	8.2	67,571	8.2
NA*	0	0.0	0	0.0	1	0.0	16,889	2.0
Total	17	100.0	4,883	100.0	4,239	100.0	832,563	100.0

NA*-Tracts without household or family income as applicable

CRA APPENDIX B

GLOSSARY

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

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

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

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

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - (A) Rates of poverty, unemployment, and population loss; or
 - (B) Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

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

Full-scope review: Performance under the Lending Test (and if applicable, consideration of investments and services) 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 Test (and if applicable, consideration of investments and services) 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.