



PUBLIC DISCLOSURE

April 3, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Farmers and Miners Bank

Pennington Gap, VA

**Federal Reserve Bank of Richmond
Richmond, Virginia**

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

PUBLIC DISCLOSURE

April 3, 2023

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Farmers and Miners Bank

658924

41526 West Morgan Avenue

Pennington Gap, VA 24277

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

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

TABLE OF CONTENTS

	Page
Institution Rating	
Institution's CRA Rating	1
Summary of Major Factors Supporting Rating.....	1
Institution	
Scope of Examination.....	1
Description of Institution	1
Conclusions With Respect to Performance Tests	2
Nonmetropolitan Statewide Area (reviewed using full-scope review)	
Description of Institution's Operations in Lee County, VA NonMSA	5
Conclusions with Respect to Performance Criteria	6
Metropolitan Statewide Area (reviewed without using full-scope review)	
Description of Institution's Operations in Kingsport-Bristol,VA Assessment Area	10
Conclusions with Respect to Performance Criteria	10
Appendices	
CRA Appendix A: Loan, Branch, and Deposit Volume by Assessment Area	11
CRA Appendix B: Full-Scope Review Tables	12
CRA Appendix C: Limited Review Tables	14
CRA Appendix D: Glossary	15

INSTITUTION RATING

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 less than reasonable given the bank's size, financial condition, and credit needs of its assessment area.
- A majority of the bank's Home Mortgage Disclosure Act (HMDA) and small business loans were originated to borrowers inside the bank's assessment areas.
- Borrower distribution performance reflects a reasonable penetration among individuals of different incomes (including low- and moderate-income) and businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersion throughout the bank's assessment areas.
- The institution has not received any complaints regarding its Community Reinvestment Act (CRA) performance since the previous evaluation.

SCOPE OF EXAMINATION

Farmers and Miners Bank (FMB) was evaluated using the interagency examination procedures for small institutions developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with the procedures, all reported HMDA loans from 2020 and 2021 were reviewed. Additionally, small business loans were identified as a primary product line and were considered in the evaluation. The analysis includes a sample of 165 small business loans from a universe of 642 small business loans totaling \$30.3 million originated during 2021. Given its size, branch locations, and loan origination volume, FMB is required to collect and report HMDA data, but it is not required to collect or report CRA data.

DESCRIPTION OF INSTITUTION

FMB is headquartered in Pennington Gap, Virginia, and operates six branches and seven automated teller machines (ATMs) in southwest Virginia. The bank has no affiliates or subsidiaries. The bank received a Satisfactory rating at its prior CRA evaluation dated August 15, 2016. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment area.

As of December 31, 2022, FMB held total assets of approximately \$175.2 million, of which 44.2% were net loans and 29.4% were securities. As of the same date, deposits totaled approximately \$155.4 million. Various deposit and loan products are available through the institution including loans for business, residential mortgage, and consumer purpose. The composition of the loan portfolio using gross loans is represented in the following table.

Composition of Loan Portfolio

Loan Type	12/31/2022	
	\$(000s)	%
Secured by 1-4 Family dwellings	27,866	35.3
Multifamily	2,421	3.1
Construction and Development	1,660	2.1
Commercial & Industrial/ NonFarm NonResidential	34,670	44.0
Consumer Loans and Credit Cards	9,187	11.7
Agricultural Loans/ Farmland	2,325	2.9
All Other	725	0.9
Total	78,854	100.0

As indicated in the preceding table, the bank’s loan portfolio is primarily concentrated in commercial purpose, as well as residential real estate secured loans. The bank offers other loans, such as consumer loans; however, the volume of such lending is relatively small in comparison to its commercial and residential mortgage lending.

In April 2020, the Small Business Administration (SBA) created the Paycheck Protection Program (PPP). This program was designed to provide direct incentive for small businesses, allow workforces to remain employed, and promote economic stability during the Coronavirus (COVID-19) pandemic. Since the PPP was established, FMB has originated 487 loans totaling approximately \$11.4 million. FMB’s origination of PPP loans is an example of the bank being responsive to area credit needs.

FMB serves two contiguous assessment areas located in the Commonwealth of Virginia. One assessment area is in a metropolitan statistical area (MSA), while the other is an adjacent rural, non-MSA portion of the state. The composition of each assessment area is detailed below.

Assessment Area	City/County	State	Census Tracts Included
Lee, VA NonMSA	Dickenson County	VA	All
	Lee County	VA	
	Wise County	VA	
	City of Norton	VA	
Kingsport-Bristol, VA	Scott County	VA	

Since its prior evaluation, the bank has not opened or closed any branch offices nor made any changes to the composition of its assessment areas.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

When evaluating a bank’s residential mortgage (HMDA) 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 HMDA performance, relevant area demographic data from the 2015 ACS is used. Dun and Bradstreet (D&B) business demographic data from 2021 is also considered when evaluating the bank’s small business performance.

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

The borrower and geographic distribution performance of HMDA loans focused on performance for Home Purchase, Home Improvement, Refinancing, and Multi-family loan categories. Performance for the Not Applicable, Other Purpose Closed, and Other Purpose LOC (line of credit) loan categories was not evaluated because not all HMDA reporters are required to report each loan category, or the category contains no or relatively few loans overall.

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

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, the strength of performance in each loan category is then generally weighted by dollar volume of such loans made in the assessment area.

Loan-To-Deposit Ratio

The bank’s current loan-to-deposit ratio is 49.8% and averaged 52.8% for the 26-quarter period ending December 31, 2022. In comparison, the quarterly average loan-to-deposit ratios for the only two peer banks similar in asset size and operating in FMB’s assessment areas ranged from 63% to 84.3% during the same 26-quarter period. Since September 30, 2016, FMB’s assets, net loans, and deposits have increased by 26.4%, 28.3%, and 30.2% respectively. When considering relevant performance context factors such as the institution's size, financial condition, and local credit needs, the bank's loan-to-deposit ratio is considered less than reasonable.

Lending in Assessment Area

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

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

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	66	85.7	4,848	80.3	11	14.3	1,192	19.7
Home Improvement	6	85.7	300	85.2	1	14.3	52	14.8
Refinancing	80	92.0	6,508	86.3	7	8.0	1,029	13.7
Multi-Family Housing	5	71.4	1,706	62.3	2	28.6	1,031	37.7
Loan Purpose Not Applicable	0	0.0	0	0.0	0	0.0	0	0.0
Other Purpose Closed/Exempt	11	84.6	470	80.8	2	15.4	112	19.2
Other Purpose LOC	0	0.0	0	0.0	0	0.0	0	0.0
Total HMDA related	168	88.0	13,832	80.2	23	12.0	3,416	19.8
Small Business	87	52.7	2,507	33.8	78	47.3	4,901	66.2
TOTAL LOANS	255	71.6	16,339	66.3	101	28.4	8,317	33.7

As indicated in the preceding table, a substantial majority of the bank’s HMDA loans (88%) and a majority of the bank’s small business loans (52.7%) were extended within the bank’s assessment areas. As previously noted, lending in the preceding table includes two whole years of the bank’s HMDA lending and a sample of small business lending from one year. After accounting for this difference between the two loan products, a majority of loans are in the bank’s assessment areas.

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.

NONMETROPOLITAN STATEWIDE AREA
 (reviewed using full-scope review)

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE LEE COUNTY, VA NONMA ASSESSMENT AREA

The Lee County, VA NonMSA assessment area includes all of Dickenson, Lee, and Wise counties, and the City of Norton, Virginia, and FMB operates five full-service branches and six ATMs within the assessment area.

As of June 30, 2022, FMB ranked 4th out of 12 financial institutions in local deposit market share according to data compiled by the Federal Deposit Insurance Corporation and held 10.6% of the assessment area’s deposits (excluding credit union deposits).

According to 2015 ACS data, the assessment area has a population of 85,206 and a median housing value of \$82,705. The owner-occupancy rate for the market (59.6%) exceeds the rate for nonmetropolitan areas of Virginia (57.8%) and is similar to the rate for the Commonwealth of Virginia (59.2%). Within the assessment area, 18.2% of families are considered below the poverty level, which significantly exceeds the level in nonmetropolitan areas of Virginia (13.3%) and the Commonwealth (8.2%). The 2021 HUD estimated median family income for nonmetropolitan areas of Virginia equaled \$58,900. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Lee County, VA NonMSA (Based on 2015 ACS Data and 2021 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	5,955	27.2
Moderate	8	36.4	7,339	33.5	1,641	22.4	3,948	18.0
Middle	13	59.1	13,399	61.2	2,241	16.7	4,380	20.0
Upper	1	4.5	1,160	5.3	97	8.4	7,615	34.8
NA	0	0.0	0	0.0	0	0.0		
Total	22	100.0	21,898	100.0	3,979	18.2	21,898	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	10,137	31.0
Moderate	7,638	32.9	11,289	34.5	3,142	27.8	5,523	16.9
Middle	14,255	61.3	19,611	60.0	4,006	20.4	5,255	16.1
Upper	1,353	5.8	1,787	5.5	369	20.6	11,772	36.0
NA	0	0.0	0	0.0	0	0.0		
Total	23,246	100.0	32,687	100.0	7,517	23.0	32,687	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	633	35.3	575	35.7	47	30.9	11	33.3
Middle	1,052	58.6	934	58.0	97	63.8	21	63.6
Upper	109	6.1	100	6.3	8	5.3	1	3.1
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	1,794	100.0	1,609	100.0	152	100.0	33	100.0
Percentage of Total Businesses:				89.7		8.5		1.8

*NA-Tracts without household or family income as applicable

According to data published by the FFIEC in 2021, all 13 of the middle-income census tracts within the assessment area have been designated as being either distressed or underserved. Census tracts are designated as underserved when they are located in predominately rural areas that are distant from population centers and may lack access to certain services, while the distressed designation reflects a population loss or comparatively high unemployment or poverty rates. The three middle-income census tracts in Lee County are designated as being distressed because of high poverty rates and underserved, while the three middle-income census tracts in Dickenson County and the seven middle-income census tracts in Wise County are designated as distressed because of high poverty rates.

Area employment is supported by retail trade, health services, social services, and local government. Major employers include Wal Mart stores, Norton Community Hospital, Paramount Coal, U.S. Department of Justice, Food City stores, Heritage Hall (assisted living facility), correctional facilities, local government, and area school boards.

Recent and historical unemployment rates since the previous evaluation are included in the following table.

Unemployment Rate Trend							
Geographic Area	Jan 2017	Jan 2018	Jan 2019	Jan 2020	Jan 2021	Jan 2022	Jan 2023
Dickenson County	9%	6.6%	6.1%	6%	6.8%	4.7%	5.2%
Lee County	6.6%	4.8%	4.5%	4.5%	5.3%	3.9%	4.8%
Wise County	8%	6%	5.5%	4.9%	6.5%	4.4%	4.9%
City of Norton	6.9%	4.4%	4.6%	4.4%	6.2%	4.2%	4.7%
Commonwealth of Virginia	4.4%	3.6%	3.4%	3%	4.9%	2.9%	3.3%

Prior to the COVID-19 pandemic, assessment area unemployment rates were trending down. The effect of the COVID-19 pandemic contributed to the increase in area unemployment in the January 2021 column in the preceding table. In 2022, unemployment rates decreased; however, recent unemployment rates have risen. Current and historical unemployment rates within the assessment area exceed that of the Commonwealth of Virginia suggesting the local economy is not as strong as the overall statewide economy.

A local economic development official was recently contacted to assist in evaluating the bank’s CRA performance. The contact stated that the local area would benefit from more affordable housing and access to programs providing homebuyer assistance. While noting such areas of opportunity, the contact indicated that local financial institutions are reasonably serving the banking needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Within the assessment area, the bank originated HMDA loans totaling \$6.7 million and small business loans totaling an estimated \$9.7 million during 2021. Accordingly, the bank's small business lending performance is given more weight when considering the bank's overall performance.

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

The bank’s borrower distribution performance for residential mortgage lending and small business lending is considered reasonable for each loan product.

Distribution of HMDA Loans by Income Level of Borrower

Lee County, VA NonMSA (2021)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	8	11.8	318	6.6	99	9.5	6,727	5.2
Moderate	12	17.6	642	13.2	257	24.6	22,707	17.6
Middle	23	33.8	1,546	31.9	283	27.1	32,922	25.5
Upper	25	36.8	2,345	48.3	404	38.8	66,710	51.7
Total	68	100.0	4,851	100.0	1,043	100.0	129,066	100.0
Unknown	8		1,852		146		22,385	

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

During 2021, the bank's level of lending to low-income borrowers (11.8%) significantly lagged the percentage of low-income families within the assessment area (27.2%) but exceeded the percentage of aggregate lending to such borrowers (9.5%). The disparity in the percentage of low-income families and the percentage of aggregate loans to low-income borrowers suggests that the percentage of area low-income families may overstate the viable demand from low-income families for residential mortgage loans within the assessment area. Lending to moderate-income borrowers (17.6%) approximated the percentage of moderate-income families within the assessment area (18%) but lagged the percentage of aggregate lending (24.6%). Overall, the bank's performance during 2021 is considered reasonable, and its 2020 performance is substantially similar.

Distribution of Lending by Loan Amount and Size of Business

Lee County, VA NonMSA (2021)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	70	88.6	1,177	49.3	369	46.4	7,145	29.7
Over \$1 Million	4	5.1	269	11.3	NA	NA	NA	NA
Unknown	5	6.3	941	39.4	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	74	93.7	1,107	46.4	744	93.5	11,201	46.5
\$100,001-\$250,000	4	5.1	779	32.6	34	4.3	4,835	20.1
\$250,001-\$1 Million	1	1.2	500	21.0	18	2.2	8,049	33.4
Total	79	100.0	2,386	100.0	796	100.0	24,085	100.0

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

D&B data from 2021 indicates that 89.7% of all local businesses have revenues that do not exceed \$1 million per year. Of the small business loans considered in the evaluation, 88.6% were to businesses with revenues of \$1 million or less. As previously noted, the bank was an active PPP lender during 2020, and the PPP loan program did not require the collection or consideration of borrower revenue data. However, the bank was aware of borrower revenues for many of its PPP loans.

Although the bank does not collect or report its small business loan data, aggregate small business data was also considered as an element of performance context in evaluating the bank's distribution by business revenue. During 2021, 46.4% of all reported small business loans were to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. The 2021 aggregate small business loan data also includes an unknown volume of PPP loans, which limits its usefulness as a proxy when evaluating the bank's performance.

Because smaller dollar loans can demonstrate a willingness to provide credit to small businesses, the bank’s distribution by loan size was also considered. Overall, the bank originated 93.7% of its small business loans in amounts of \$100,000 or less, which approximated the aggregate reporter level of such lending (93.5%). Overall, the bank’s distribution by borrower revenue performance is considered reasonable.

Geographic Distribution of Loans

There are no low-income census tracts within this assessment area. The bank’s geographic distribution performance is considered reasonable for both HMDA and small business lending.

Distribution of HMDA Loans by Income Level of Census Tract

Lee County, VA NonMSA (2021)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(32)				Home Purchase (656)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	11	34.4	504	19.2	216	32.9	26,988	30.9
Middle	20	62.5	2,038	77.7	381	58.1	50,443	57.8
Upper	1	3.1	82	3.1	59	9.0	9,771	11.3
	(42)				Refinance (494)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	7	16.7	291	8.8	139	28.1	15,787	26.2
Middle	32	76.2	2,736	82.4	308	62.3	37,620	62.4
Upper	3	7.1	294	8.8	47	9.6	6,881	11.4
	(1)				Home Improvement (30)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	100.0	42	100.0	9	30.0	510	32.5
Middle	0	0.0	0	0.0	21	70.0	1,059	67.5
Upper	0	0.0	0	0.0	0	0.0	0	0.0
	(1)				Multi-Family (5)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	100.0	716	100.0	4	80.0	1,484	89.0
Middle	0	0.0	0	0.0	1	20.0	184	11.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	20	26.3	1,553	23.2	368	31.1	44,769	29.7
Middle	52	68.4	4,774	71.2	711	60.0	89,306	59.3
Upper	4	5.3	376	5.6	106	8.9	16,652	11.0
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	76	100.0	6,703	100.0	1,185	100.0	150,727	100.0

NA*-Tracts without household or family income as applicable

During 2021, home purchase and refinance loans were extended most frequently by the bank and aggregate lenders in the assessment area. Within the assessment area, 32.9% of all owner-occupied housing units and 57.7% of multifamily housing units are located in the moderate-income census tracts. There are no low-income census tracts within the bank’s assessment area. Considering both demographic and aggregate proxies for demand, the bank's performance for home purchase is considered reasonable and its refinance lending performance is considered poor.

The bank’s geographic distribution performance of home improvement and multi-family lending are both excellent; however, the volume of such lending is small in relation to its home purchase and refinance lending. Given the comparatively small volume of home improvement and multi-family lending within the assessment area, FMB’s performance with these loan types was given less weight than its home purchase and refinance performance when considering overall performance.

During 2021, FMB’s HMDA lending in moderate-income census tracts (26.3%) lagged both the percentage of owner-occupied housing units (32.9%) and the aggregate level of lending in such tracts (31.1%). As previously noted, all of the middle-income census tracts within the assessment area are designated as being distressed and/or underserved. The bank’s level of home purchase (62.5%) and refinance (76.2%) lending approximates the percentage of owner-occupied housing units (61.3%) and the aggregate level of lending (58.1% for purchase and 62.3% for refinance) in middle-income census tracts. Overall, FMB’s HMDA geographic distribution performance in 2021 is considered reasonable, and the bank’s performance in 2020 is substantially similar.

Distribution of Small Business Loans by Income Level of Census Tract

Lee County, VA NonMSA (2021)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	27	34.2	580	24.3	293	38.2	9,303	38.9
Middle	47	59.5	1,756	73.6	431	56.1	13,434	56.1
Upper	5	6.3	51	2.1	44	5.7	1,191	5.0
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	79	100.0	2,387	100.0	768	100.0	23,928	100.0

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

During 2021, the bank’s small business lending in moderate-income census tracts (34.2%) approximated the percentage of area businesses (35.3%) and the aggregate level of lending (38.2%) in such tracts. The bank’s small business lending performance is considered reasonable.

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 Kingsport-Bristol, VA assessment area was reviewed using the limited review examination procedures. This assessment area includes all of Scott County, VA, and is part of the Kingsport-Bristol, TN-VA MSA. The assessment area has a population of 22,570. FMB operates one branch with an ATM located in a middle-income census tract within the assessment area. The 2021 area median family income equaled \$59,600 in the Kingsport-Bristol, TN-VA MSA.

Kingsport-Bristol, VA Assessment Area Demographics					
<i>(Based on 2015 ACS data and 2021 D&B data)</i>					
Income Category	Tract Distribution		Percentage Families by Income	Percentage Families by Tract	Percentage of Area Businesses by Tract
	#	%			
Low	0	0%	27%	0%	0%
Moderate	0	0%	16%	0%	0%
Middle	6	100%	19.3%	100%	100%
Upper	0	0%	37.7%	0%	0%
NA	0	0%	0%	0%	0%
Total	6	100%	100%	100%	100%
Area Businesses with Revenue of \$1 million or less					90%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Assessment area-level data reviewed regarding the bank’s performance can be found in **APPENDIX C** of this evaluation. A conclusion regarding performance, which did not impact the institution’s overall rating, is included in the following table. The conclusion conveys whether performance in the assessment area was generally below, consistent with, or exceeded the institution's overall rating.

Assessment Area	Lending Test
Kingsport-Bristol, VA	Consistent

CRA APPENDIX A

LOAN, BRANCH, AND DEPOSIT VOLUME BY ASSESSMENT AREA

The following table includes the distribution of branch offices, along with deposit and loan volume. The deposit volume includes all bank deposits and is current as of June 30, 2022, while the loan volume includes all HMDA and small business loans considered in the evaluation.

Assessment Area	Loan Volume				Full-Service Branches		Deposit Volume	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Lee County, VA NonMSA	240	94.1%	\$15,744	96.4%	5	83.3%	\$142,283	92%
Kingsport-Bristol, VA	15	5.9%	\$595	3.6%	1	16.7%	\$12,289	8%
TOTAL	255	100%	\$16,339	100%	6	100%	\$154,572	100%

CRA APPENDIX B
FULL-SCOPE REVIEW TABLES

Distribution of HMDA Loans by Income Level of Borrower

Lee County, VA NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	HMDA Totals							
Low	6	9.5	188	4.3	86	9.5	5,314	5.3
Moderate	11	17.5	505	11.7	194	21.4	15,149	15.1
Middle	22	34.9	1,545	35.7	257	28.4	27,063	27.0
Upper	24	38.1	2,087	48.3	369	40.7	52,831	52.6
Total	63	100.0	4,325	100.0	906	100.0	100,357	100.0
<i>Unknown</i>	<i>13</i>		<i>1,945</i>		<i>194</i>		<i>31,996</i>	

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

CRA APPENDIX B

FULL-SCOPE REVIEW TABLES (continued)

Distribution of HMDA Loans by Income Level of Census Tract

Lee County, VA NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(30)				Home Purchase (547)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	6	20.0	288	14.9	160	30.0	15,221	25.1
Middle	23	76.7	1,628	84.0	333	62.4	39,292	64.7
Upper	1	3.3	22	1.1	41	7.6	6,199	10.2
	(37)				Refinance (447)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	9	24.3	544	17.6	130	29.1	13,798	24.3
Middle	26	70.3	2,435	79.0	276	61.7	37,371	65.8
Upper	2	5.4	105	3.4	41	9.2	5,668	9.9
	(5)				Home Improvement (39)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	20.0	42	16.3	12	30.8	689	33.0
Middle	4	80.0	216	83.7	25	64.1	1,204	57.6
Upper	0	0.0	0	0.0	2	5.1	198	9.4
	(4)				Multi-Family (9)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	4	100.0	990	100.0	8	88.9	2,902	91.7
Middle	0	0.0	0	0.0	1	11.1	263	8.3
Upper	0	0.0	0	0.0	0	0.0	0	0.0
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	20	26.3	1,864	29.7	310	30.1	32,610	26.6
Middle	53	69.7	4,279	68.2	635	61.7	78,130	63.6
Upper	3	4.0	127	2.1	84	8.2	12,065	9.8
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	76	100.0	6,270	100.0	1,029	100.0	122,805	100.0

NA*-Tracts without household or family income as applicable

APPENDIX C

LIMITED REVIEW TABLES

Kingsport-Bristol, VA Assessment Area

Performance Test Data for Kingsport-Bristol, VA Assessment Area

Limited Review Lending Table

Kingsport-Bristol, VA (2021)									
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	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	100.0	100.0	0	0.0	100.0	100.0	100.0
Upper	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Refinance				Multi-Family				
<i>Geographic</i>	(0)				(0)				
Low	NA	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	100.0	100.0	0	0.0	100.0	100.0	100.0
Upper	NA	NA	NA	NA	NA	NA	NA	NA	NA
	HMDA Totals				Consumer				
<i>Geographic</i>	(0)				(NA)				
Low	NA	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	100.0	100.0	NA	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Borrower</i>	(0)				(NA)				
Low	0	0.0	7.3	27.0	NA	NA	NA	NA	NA
Moderate	0	0.0	22.7	16.0	NA	NA	NA	NA	NA
Middle	0	0.0	28.3	19.3	NA	NA	NA	NA	NA
Upper	0	0.0	41.7	37.6	NA	NA	NA	NA	NA
	Small Business				Small Farm				
<i>Geographic</i>	(8)				(0)				
Low	NA	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA	NA
Middle	8	100.0	100.0	100.0	0	0.0	100.0	100.0	100.0
Upper	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Revenue</i>									
Busn/ Farms with revenues <=\$1 M	8	100.0	32.0	90.0	0	0.0	47.1	98.4	

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

CRA APPENDIX D

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.