



**PUBLIC DISCLOSURE**

October 5, 2020

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Essex Bank

781028

9954 Maryland Drive

Richmond, VA 23233

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

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

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**INSTITUTION RATING**

**INSTITUTION'S CRA RATING:** Essex Bank is rated “SATISFACTORY”

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

PERFORMANCE LEVELS	<u>Essex Bank</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		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 overall is consistent with the bank’s capacity and helps meet identified community credit needs and is considered good.
- A high percentage of the number and dollar volume of the institution’s reported Home Mortgage Disclosure Act (HMDA) and small business loans were originated within the bank’s assessment areas.
- The bank’s geographic lending distribution performance ranges from adequate to excellent by loan product and year. Overall, the bank’s geographic distribution performance in both the multistate area and the Commonwealth of Virginia is considered good.
- The bank’s borrower lending distribution performance ranges from poor to good by loan product and year, and is considered adequate overall in the multistate area and good in Virginia. Overall, borrower distribution performance is considered good.
- The bank made a relatively high number of community development loans in the multistate assessment area, and an adequate level in the Commonwealth of Virginia. Overall, community development lending is considered adequate.

- The bank makes use of innovative and/or flexible lending practices in serving the credit needs of the community.
- The bank maintains an adequate level of qualified community development investments, rarely in a leadership position, and demonstrates an adequate level of responsiveness to the credit and community development needs of its assessment areas.
- The institution rarely uses innovative and/or complex investments to support community development activities.
- Delivery systems and branch locations are reasonably accessible to all segments of the bank's assessment areas, and the bank's record of opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or individuals.
- Services do not vary in a way that inconveniences the needs of its assessment areas, particularly the needs of low- and moderate-income geographies and/or individuals.
- The bank provided a limited level of community development services in the multistate assessment area and an adequate level in the Commonwealth of Virginia. Overall, the level of community development services is considered adequate.
- There have been no complaints regarding the bank's CRA performance since its previous CRA evaluation.

## INSTITUTION

### DESCRIPTION OF INSTITUTION

Essex Bank (EB) is headquartered in Richmond, Virginia, and operates 24 full-service branch offices in the Commonwealth of Virginia and the State of Maryland. The bank also operates two limited-service loan production offices in Lynchburg, Virginia and Baltimore, Maryland. EB is a wholly-owned subsidiary of Community Bankers Trust Corporation, a single-bank holding company, also headquartered in Richmond, Virginia. The bank received a Satisfactory rating at its prior CRA evaluation dated March 26, 2018. No known legal impediments exist that would prevent the institution from meeting the credit needs of its assessment areas.

As of June 30, 2020, EB had approximately \$1.6 billion in assets, of which, 73.2% were net loans and 15.5% were securities. Deposits totaled \$1.4 billion as of the same time period. Various deposit and loan products are available through the institution including loans for residential mortgage, business, and consumer purpose. The composition of the loan portfolio (using gross loans) is represented in the following table.

#### Composition of Loan Portfolio

Loan Type	6/30/2020	
	\$ (000s)	%
Secured by 1-4 Family dwellings	240,007	20.1
Multifamily	76,810	6.4
Construction and Development	152,656	12.8
Commercial & Industrial/ NonFarm NonResidential	700,530	58.6
Consumer Loans and Credit Cards	10,256	0.9
Agricultural Loans/ Farmland	13,940	1.2
All Other	1,014	0.1
<b>Total</b>	<b>1,195,213</b>	<b>100.0</b>

As reflected in the preceding table, EB is an active commercial and residential mortgage lender. Commercial and industrial loans represent the largest category of loans by dollar volume in the bank’s portfolio, followed by residential real estate and construction and development lending. Small business lending (i.e. business purpose loans of \$1 million or less) are a subset of commercial and industrial loans. While the bank offers other loans, such as consumer and agricultural loans, the volume of such lending is comparatively small.

EB serves six assessment areas, including one multistate assessment area that includes the District of Columbia and localities within the Commonwealth of Virginia and the State of Maryland. The bank’s remaining five assessment areas are located within the Commonwealth of Virginia. Since the previous CRA evaluation, EB has opened two branches and one loan production office. The bank also closed four branch offices during the same time period. Given the timing of recent closures, no adjustments were made to the bank’s assessment area dealinations at this evaluation. **Appendix E** reflects the composition of the bank’s six assessment areas and recent branching activity.

### SCOPE OF EXAMINATION

The institution was evaluated as a large bank using the interagency examination procedures developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures, small business and HMDA loans originated by the institution from January 1, 2018, through December 31, 2019, were reviewed. EB recently crossed the asset size threshold for large banks outlined in the interagency evaluation procedures, and as such, was required to begin collecting and reporting its small business loan data on January 1, 2019. The small business loan data from calendar year 2018 used in this evaluation was provided by the institution based on a query of its loan systems.

Qualified community development loans that were originated or renewed from March 26, 2018, the date of the most recent CRA evaluation, through the evaluation date were considered for this evaluation. All qualified community development services provided since the previous evaluation, and all qualified investments made during the same period, and those outstanding as of the evaluation date, regardless of when made, were also considered. The evaluation considers only the activities of EB and does not include the activities of any affiliates.

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

EB serves six assessment areas located in the State of Maryland and the Commonwealth of Virginia. Based upon branch location, relative market size as determined by loan activity, proportion of bank deposits, and market population, full-scope evaluation procedures were applied to the following two assessment areas:

- Washington-Arlington-Alexandria, DC-VA-MD
- Richmond, VA

Because of the bank's branch locations, an overall rating and ratings for the Lending, Investment, and Service tests are assigned to the institution, the multistate assessment area, and the Commonwealth of Virginia. The multistate area and state ratings are based solely on performance in the assessment areas subject to full-scope review. The bank's remaining four assessment areas were subject to limited review procedures provided for by the FFIEC. For these assessment areas, a determination was made as to whether performance was consistent with the assigned overall state rating. **Appendix C** includes information about the bank's performance in the limited scope assessment areas.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

The institution's overall rating is based on the ratings assigned to the multistate assessment 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. **Appendix D** includes information detailing the lending volume, branch locations, and deposit volume by assessment area. According to FFIEC evaluation procedures, the Lending Test performance accounts for half of the overall rating, while the Investment and Service Tests are equally weighted and combined to account for the remaining half of the overall rating. In all cases, conclusions also take into consideration relevant performance context factors. When assigning the institution's overall rating, EB's performance in the Commonwealth of Virginia is weighted more heavily than the multistate area given that the majority of the bank's loan and deposit volume is located within the Commonwealth.

## **LENDING TEST**

When evaluating the bank's performance, relevant area demographic data from the 2015 American Community Survey (ACS) is used as a proxy for demand. While ACS data is collected and published by the U.S. Census Bureau on an annual basis, the demographic data relied upon in this performance evaluation is based on ACS data that is updated once every five years. Dun & Bradstreet (D&B) demographic data from 2018 and 2019 is also considered when evaluating the bank's performance. Aggregate HMDA loan data reported from 2018 and 2019 is considered when evaluating the bank's performance. Additionally, aggregate small business loan data from 2018 is considered when evaluating the bank's performance, while loan data from 2019 cannot be considered in this evaluation because the data is not currently available. Because 2019 aggregate small business loan data is not yet available, the aggregate data from 2018 is also used as an element of performance context within the evaluation.

Aggregate data includes all activity reported by lenders subject to reporting HMDA and CRA loan data within the bank’s assessment areas. Because EB is required to report HMDA loan data, its lending is included in the aggregate data. The bank was not required to report CRA loan data until 2019; therefore, its small business lending is not included in the 2018 CRA aggregate data.

While HMDA data from calendar years 2018 and 2019 were fully analyzed and considered in the evaluation, only bank and aggregate HMDA data from 2019 is presented in the assessment area analysis tables. In instances where the 2018 performance varies significantly from the performance noted during 2019, such variances and the corresponding impact on the overall performance are discussed. Based on the availability of aggregate data, only bank and aggregate small business data from 2018 is presented in the assessment area analysis tables. In instances where the 2019 performance varies significantly from the performance noted during 2018, such variances and the corresponding impact on the overall performance are discussed.

The institution’s overall lending test performance is rated High Satisfactory. This rating considers the bank’s lending activity, assessment area concentration, geographic and borrower distribution performances, and the level of community development lending, while taking into account the bank’s strategy, area demographic data, and aggregate loan data. Consideration was also given to the institution’s responsiveness to the credit needs of the community and use of innovative practices in serving the assessment area’s credit needs.

**Lending Activity:**

Combined lending activity from 2018 and 2019 based on the bank’s loan data reviewed during this evaluation is detailed in the following table.

**Summary of Lending Activity**

<b>Loan Type</b>	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>% of \$</b>
Home Improvement	94	5.6	8,886	2.2
Home Purchase	120	7.1	31,940	8.0
Multi-Family Housing	49	2.9	84,869	21.4
Refinancing	198	11.8	32,085	8.1
Loan Purpose Not Applicable	0	0	0	0
Other Purpose Closed-End	71	4.2	6,023	1.5
Other Purpose LOC	0	0	0	0
<b>Total HMDA related</b>	<b>532</b>	<b>31.6</b>	<b>163,803</b>	<b>41.3</b>
Small Business	1,071	63.7	226,571	57.1
Small Farm	78	4.6	6,496	1.6
<b>TOTAL LOANS</b>	<b>1,681</b>	<b>100.0</b>	<b>396,870</b>	<b>100.0</b>

Overall, the bank’s lending levels reflect a good responsiveness to credit needs based on the total number and dollar volume of loans analyzed under the Lending Test. Loan volumes in the assessment areas were generally comparable with the bank’s share of deposits and branch locations in those assessment areas.

Since December 31, 2017, EB’s assets, net loans, and deposits have increased by 20.9%, 21% and 24.3%, respectively. According to 2019 aggregate loan data, EB ranked 116<sup>th</sup> out of 869 reporters in HMDA lending with a .1% market share. Market share rankings include both originated and purchased loans. As previously mentioned, 2019 aggregate CRA loan data is not currently available and EB did not report CRA loan data in 2018. The bank’s comparatively high market share ranking indicates that the bank is an active mortgage lender within its combined assessment areas, and as indicated in the table above, EB originated a significantly greater amount of small business loans by both number and dollar volume during the review period. The analysis of lending activity within the full-scope assessment areas reviewed is discussed in subsequent sections of this report.

To meet the credit needs of its various assessment areas, EB offers a broad range of financial products and services. In addition, the bank participates in loan programs that have flexible criteria designed to meet specific credit needs that often benefit low- and moderate-income borrowers or aid in the revitalization or stabilization of low- and moderate-income and underserved middle-income census tracts. Recently, the bank offered Paycheck Protection Program (PPP) loans that were designed to provide an incentive for small businesses to keep their workers on payroll in response to the COVID-19 pandemic. During 2020, EB originated 796 PPP loans totaling approximately \$87.5 million. While many of these loans will be included with the bank’s reported 2020 small business loan data and cannot also be considered as community development activity, they are examples of EB making use of innovative and/or flexible lending practices to meet the credit needs within its assessment areas and the larger statewide area.

**Assessment Area Concentration:**

The institution’s HMDA, small business, and small farm loan originations from January 1, 2018 to December 31, 2019 is reflected in the following table. The data does not include large commercial loans (loans in excess of \$1 million or any other loan type not specified).

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

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	103	85.8	26,408	82.7	17	14.2	5,532	17.3
Home Improvement	91	96.8	8,611	96.9	3	3.2	275	3.1
Refinancing	164	82.8	26,836	83.6	34	17.2	5,249	16.4
Multi-Family Housing	37	75.5	49,882	58.8	12	24.5	34,987	41.2
Loan Purpose Not Applicable	0	0.0	0	0.0	0	0.0	0	0.0
Other Purpose Closed/Exempt	61	85.9	5,232	86.9	10	14.1	791	13.1
Other Purpose LOC	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total HMDA related</b>	<b>456</b>	<b>85.7</b>	<b>116,969</b>	<b>71.4</b>	<b>76</b>	<b>14.3</b>	<b>46,834</b>	<b>28.6</b>
Small Business	914	85.4	187,523	82.8	156	14.6	38,983	17.2
Small Farm	58	74.4	4,552	70.1	20	25.6	1,944	29.9
<b>TOTAL LOANS</b>	<b>1,428</b>	<b>85.0</b>	<b>309,044</b>	<b>77.9</b>	<b>252</b>	<b>15.0</b>	<b>87,761</b>	<b>22.1</b>

As indicated in the preceding table, a high percentage of the total number (85%) and dollar amounts (77.9%) of HMDA and CRA loans were made within the bank’s assessment areas. This level of lending is considered to be responsive to the credit needs of the assessment areas.

**Geographic and Borrower Distribution:**

When evaluating the geographic and borrower distribution for a specific loan category (HMDA and small business) within an assessment area, primary emphasis is placed on the number (and corresponding percentage) of loans originated or purchased. When considering all loan products to arrive at an overall conclusion regarding the distribution of lending within an assessment area, the level of performance in each loan category is typically weighted by the dollar volume and strength of performance for each category. Similarly, when the performance of multiple assessment areas is considered to reach a statewide or institutional rating, the levels 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.

While the bank is an active residential mortgage and small business lender, it extended a larger volume of small business loans than mortgage loans within many of its assessment areas. Accordingly, the bank’s small business lending performance was generally given more weight when considering the bank’s combined product performance. Although the bank originated small farm loans during the



evaluation period, the total number was minimal and such loans were not included in the lending distribution analyses. The overall multistate area rating is based on the bank's level of performance in the Washington-Arlington-Alexandria, DC-VA-MD assessment area, while the Commonwealth of Virginia rating is based on performance in the Richmond, VA assessment area. To arrive at the institution's overall rating, the Commonwealth of Virginia was given more weight than the multistate area considering its comparatively larger loan and deposit volumes.

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. Additionally, within EB's assessment areas, a high level of small business lending activity was reported by specialized lenders, who often originate or purchase small business loans in the form of credit cards. The 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. These factors were considered as an aspect of performance context when evaluating the level and distribution of small business lending.

EB's geographic distribution performance ranges from adequate to excellent by loan product and year, and is considered good overall in both the Washington-Arlington-Alexandria, DC-VA-MD multistate area and the Commonwealth of Virginia. Borrower distribution performance ranges from poor to good by loan product and year, and is considered adequate overall in the multistate area and good in Virginia. Borrower distribution performance is considered good overall due to the greater weight given to EB's performance in Virginia.

### **Community Development Lending:**

Community development lending opportunities within the bank's two full-scope assessment areas are readily available. 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 and economic development officials working within the full-scope assessment areas. Notwithstanding competition, particularly in the multistate assessment area, the bank faces no constraints relative to its size and business strategy in making community development loans and has extended such loans consistent with available opportunities.

During the evaluation period, the bank originated 21 loans totaling \$29.7 million within its assessment areas for a variety of community development purposes including affordable housing, economic development, and stabilization of low- and moderate-income areas. In response to the COVID-19 pandemic, the bank provided businesses access to capital through the Paycheck Protection Program (PPP) loan program implemented as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Loans originated under this program in amounts less than \$1 million will be reported in the bank's 2020 CRA loan data and considered in the next evaluation; however, those originated in excess of \$1 million that promote economic development and/or stabilize low- and moderate-income areas were considered in this evaluation. Information regarding community development loans benefiting the multistate, statewide, and/or specific assessment areas are further discussed in the corresponding sections of this evaluation. Overall, EB makes an adequate level of community development loans relative to the opportunities available and credit needs of its assessment areas.

### **INVESTMENT TEST**

As of June 30, 2020, the bank reported \$1.6 billion in total assets and approximately \$315.8 million in total investments. As of the evaluation date, the institution currently holds qualified investments totaling \$8.2 million, representing 2.6% of total investments and 0.5% of total assets. While EB supports local

organizations within the communities it serves by making charitable donations, the bank did not provide information on its donation activity for consideration at this evaluation. All of the bank's investments benefit regional or statewide areas that include one or more of the bank's assessment areas. The following investments benefit both the multistate area and the Commonwealth of Virginia:

- The bank committed an investment of \$3.5 million in the Plexus Fund IV. Of the \$3.5 million committed, \$3.3 million has been funded as of the date of the evaluation. The fund, which is managed by Plexus Capital, operates as a licensed small business investment company (SBIC). SBIC's are privately owned investment firms that are licensed and regulated by the Small Business Administration and provide venture capital to small businesses that facilitate community development.
- The bank has \$1.7 million in three housing bonds issued by the Virginia Housing Development Authority (VHDA) which benefits the statewide area, including the bank's assessment areas. The VHDA promotes affordable housing by financing single and multi-family mortgages for low- and moderate-income individuals throughout the Commonwealth of Virginia.
- The bank has \$1 million equity investment in the Housing Equity Fund of Virginia XXI which benefits the statewide area, including the bank's assessment areas. The fund invests in low-income rental housing and historical rehabilitation properties to facilitate affordable housing and revitalization throughout the Commonwealth of Virginia.

Qualified investments benefiting solely the multistate area or Commonwealth of Virginia are discussed in conjunction with the evaluation of those areas.

EB's overall performance under the Investment Test is rated Low Satisfactory. This rating considers the bank's investment and grant activity, innovation or complexity in community development initiatives, and the responsiveness in meeting local credit and community development needs. The institution maintains an adequate level of qualified investments and is responsive to the credit needs of the community, but rarely uses innovated and/or complex investments to support community development initiatives.

## **SERVICE TEST**

The bank's Service Test performance is rated Low Satisfactory within both the multistate assessment area and Commonwealth of Virginia. This rating considers the accessibility of delivery systems, changes in branch locations, reasonableness of hours and services, and the level of community development services.

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 24 branches, none are located in low-income census tracts and one (4.2%) is located in a moderate-income census tract. Some of the bank's branch locations are in close proximity to low- and moderate-income census tracts and are accessible to individuals within those tracts.

Recent branch closings have generally not adversely affected the accessibility of the institution's delivery systems. EB's retail banking services do not vary in a way that inconveniences any portion of its assessment areas, including low- and moderate-income areas or people. Additionally, EB provided a limited level of community development services in the multistate area and an adequate level within the Commonwealth of Virginia during the evaluation period. Details about the bank's community development services are provided 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 COMBINED STATISTICAL AREA (CSA)

### ***CRA RATING FOR WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD<sup>1</sup>: SATISFACTORY***

*The lending test is rated: High Satisfactory*

*The investment test is rated: Low Satisfactory*

*The service test is rated: Low Satisfactory*

Major factors supporting the rating include:

- Lending activity is consistent with the bank's capacity and reflects good responsiveness to credit needs within a highly competitive market, including the needs of low-income individuals and small businesses.
- Geographic distribution performance is considered good overall for both HMDA and small business lending.
- Borrower distribution performance is considered poor for HMDA and adequate for small business lending, and is considered adequate overall.
- EB funded a relatively high level of community development loans during the evaluation period.
- The bank has an adequate level of qualified investments benefiting the statewide and regional area. EB exhibits an adequate responsiveness to local community development needs, but makes rare use of innovative and/or complex investments directly benefiting the assessment area.
- Delivery systems and branch locations are reasonably accessible to individuals and geographies of varying income levels, and branch hours and services do not vary significantly across the assessment area. Branch closings have generally not adversely affected low- and moderate-income individuals or areas.
- EB and its employees provide a limited level of community development services within the assessment area.

## SCOPE OF EXAMINATION

The Lending Test considered the bank's HMDA and small business loan originations from calendar years 2018 and 2019, as well as community development loans made since the previous evaluation. Small farm loans were excluded from the analysis given the limited volume. The Investment Test considered all qualified investments purchased during the review period and those outstanding as of the evaluation date, regardless of when made, and the Service Test considered retail locations, accessibility, and qualified community development services provided since the previous evaluation.

Ratings for the multistate area are based solely on the bank's performance in this assessment area. The bank's performance in other parts of the Commonwealth of Virginia that are not part of this multistate area is not considered in the evaluation of this assessment area.

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<sup>1</sup> This rating reflects performance within the multistate metropolitan area. The statewide evaluations are adjusted and do not reflect performance in the parts of those states contained in the multistate metropolitan area.

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD ASSESSMENT AREA**

The bank operates in portions of northern Virginia and central Maryland located in a portion of the Washington-Baltimore-Arlington, DC-MD-VA-WV-PA Combined Statistical Area (CSA). The assessment area includes portions of two contiguous metropolitan statistical areas (MSA) within the CSA: the Baltimore-Columbia-Towson, MD MSA and the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA. Within the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA, the bank delineates a portion of two metropolitan divisions (MD): the Frederick-Gaithersburg-Rockville, MD and Washington-Arlington-Alexandria, DC-VA-MD-WV MDs. Counties and cities included in the multistate assessment area are as follows: Arlington County, City of Alexandria, Fairfax County, City of Fairfax, and City of Falls Church, Virginia; the District of Columbia; and Anne Arundel County, City of Baltimore, Baltimore County, Howard County, Montgomery County, and Prince George’s County, Maryland in their entirety.

The bank currently operates six full-service branches in this assessment area. The bank closed its branch office in Fairfax County, VA in May 2019. As of June 30, 2020, EB ranked 47<sup>th</sup> out of 75 financial institutions in deposit market share with <.1% of the assessment area’s available Federal Deposit Insurance Corporation (FDIC) insured deposits, excluding credit unions.

According to ACS data, the assessment area contains 1,549 census tracts, of which 205 are low-income and 349 are moderate-income, 468 are middle-income, and 501 are upper-income, and 26 have unknown income designations. The assessment area has a population of 6,401,659 people and a median housing value of \$358,199. The area’s owner-occupancy rate is 55.7%, which exceeds the owner-occupancy rate for the District of Columbia (37.2%), but lags the rates for Maryland (60.1%) and Virginia (59.2%). The area’s family poverty rate (7%) is lower than the rate for the District of Columbia (14.3%) and Virginia (8.2%) but is equal to the rate for Maryland (7%). Median family incomes from the MSAs and MDs that comprise the assessment area are listed in the table below.

<b>Median Family Income by MSA/MD</b>	<b>2018</b>	<b>2019</b>
Baltimore-Columbia-Towson, MD (MSA)	\$94,900	\$101,000
Washington-Arlington-Alexandria, DC-VA-MD-WV	\$114,900	\$114,700
Frederick-Gaithersburg-Rockville, MD (MD)	\$118,700	\$123,600

The table below provides pertinent demographic data for the assessment area.

**Assessment Area Demographics**

Washington-Arlington-Alexandria, DC-VA-MD (Based on 2015 ACS Data and 2018 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	205	13.2	150,019	10.1	36,150	24.1	344,901	23.1
Moderate	349	22.5	309,421	20.7	30,951	10.0	246,524	16.5
Middle	468	30.2	477,451	32.0	23,420	4.9	286,427	19.2
Upper	501	32.3	551,378	37.0	12,204	2.2	614,251	41.2
NA	26	1.8	3,834	0.2	909	23.7		
<b>Total</b>	<b>1,549</b>	<b>100.0</b>	<b>1,492,103</b>	<b>100.0</b>	<b>103,634</b>	<b>6.9</b>	<b>1,492,103</b>	<b>100.0</b>
	<b>Owner Occupied Units by Tract</b>		<b>Households</b>					
			<b>HHs by Tract</b>		<b>HHs &lt; Poverty by Tract</b>		<b>HHs by HH Income</b>	
	#	%	#	%	#	%	#	%
Low	75,978	5.3	258,630	10.9	64,209	24.8	589,168	24.7
Moderate	253,231	17.6	518,829	21.8	64,509	12.4	384,925	16.2
Middle	495,620	34.4	773,771	32.5	54,136	7.0	426,603	17.9
Upper	615,140	42.5	820,483	34.3	36,604	4.5	981,906	41.2
NA	2,237	0.2	10,889	0.5	2,433	22.3		
<b>Total</b>	<b>1,442,206</b>	<b>100.0</b>	<b>2,382,602</b>	<b>100.0</b>	<b>221,891</b>	<b>9.3</b>	<b>2,382,602</b>	<b>100.0</b>
	<b>Total Businesses by Tract</b>		<b>Businesses by Tract and Revenue Size</b>					
			<b>Less than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue not Reported</b>	
	#	%	#	%	#	%	#	%
Low	19,004	5.4	17,412	5.4	1,376	4.5	216	5.2
Moderate	60,786	17.1	54,859	17.1	5,304	17.2	623	15.1
Middle	119,143	33.5	107,003	33.4	10,933	35.5	1,207	29.3
Upper	153,484	43.2	138,780	43.4	12,874	41.8	1,830	44.4
NA	2,733	0.8	2,176	0.7	313	1.0	244	6.0
<b>Total</b>	<b>355,150</b>	<b>100.0</b>	<b>320,230</b>	<b>100.0</b>	<b>30,800</b>	<b>100.0</b>	<b>4,120</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			90.2		8.7		1.1

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

The largest employers in the area are the federal and local governments. Additional employers include Innova Health System, United and American Airlines, Deloitte Consulting, Lockheed Martin, several universities, and various defense related and government contractors. The local economy has a very diverse labor market and experienced a trend of slightly declining unemployment rates during the two years prior to 2020. Due to nationwide quarantine restrictions and the economic shutdown in response to the COVID-19 pandemic, sharp increases in unemployment rates throughout the assessment area, and nation, can be seen beginning in April 2020 and remain elevated compared to recent historical levels. Recent and historical periodic unemployment rates are included in the following table.

Geographic Area	March 2018	March 2019	June 2020
Alexandria City, VA	2.5%	2.3%	7.9%
Arlington County, VA	2.1%	2.1%	5.8%
Fairfax County, VA	2.6%	2.5%	7.8%
Fairfax City, VA	2.5%	2.4%	7.8%
Falls Church City, VA	2.2%	2.1%	4.8%
Anne Arundel County, MD	3.5%	3.2%	7.6%
Baltimore City, MD	5.9%	5.2%	10.5%
Baltimore County, MD	4.2%	3.9%	8.5%
Howard County, MD	3.1%	2.9%	6.9%
Montgomery County, MD	3.3%	3.1%	8.2%
Prince George's County, MD	4.2%	3.8%	10.1%
<b>District of Columbia</b>	<b>5.7%</b>	<b>5.6%</b>	<b>9.1%</b>
<b>Commonwealth of Virginia</b>	<b>3.2%</b>	<b>3%</b>	<b>8.2%</b>
<b>State of Maryland</b>	<b>4.1%</b>	<b>3.7%</b>	<b>8.5%</b>
<b>Baltimore-Columbia-Towson, MD MSA</b>	<b>4.2%</b>	<b>3.8%</b>	<b>8.2%</b>
<b>Washington-Arlington-Alexandria DC-VA-MD-WV MSA</b>	<b>3.5%</b>	<b>3.2%</b>	<b>8.3%</b>

An affordable housing official was contacted during the evaluation to discuss local housing conditions and community credit needs. The contact expressed a need for affordable housing in the area as the increasing population and limited supply have caused rents to increase. While credit opportunities are abundant, the contact opined that more participation is needed from financial institutions in providing credit counseling and financial literacy programs for very low-, low-, and moderate-income individuals.

Discussions with the community contact and reviews of the performance evaluations of other financial institutions having a local presence indicated that community development opportunities are readily available within the bank's assessment area when considering performance context factors. 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 WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD ASSESSMENT AREA**

### **LENDING TEST**

The bank's lending performance in the multistate assessment area is considered High Satisfactory. This conclusion is based on the evaluation of EB's lending activity, geographic and borrower distribution performance, and level of community development lending, while taking into account the bank's market strategy, area demographic data, and aggregate loan data.

In 2018 and 2019, EB extended \$18.8 million in HMDA and \$60 million in small business loans within the assessment area. Accordingly, the bank's small business lending was given greater weight when evaluating overall performance.

**Lending Activity:**

Bank lending activity as measured by the number (20.4%) and dollar volume (25.5%) of originations exceeds the percentage of bank deposits (18.9%) in the assessment area, but is similar to the percentage of branches (25%) operating in the area. **Appendix D** includes information detailing the lending volume, branch locations, and deposit volume by assessment area.

According to 2019 aggregate data, the institution ranked 204<sup>th</sup> out of 797 reporters in HMDA lending with 0.03% market share. As previously mentioned, 2019 aggregate CRA loan data is not currently available and EB did not report CRA loan data in 2018.

The bank’s lending levels reflect good responsiveness to assessment area credit needs. As previously noted, EB makes use of innovative and/or flexible lending practices to meet the credit needs of all its assessment areas through the Paycheck Protection Program (PPP) loan program.

**Geographic Distribution:**

EB’s geographic distribution performance for both HMDA and small business is considered good.

**Distribution of HMDA Loans by Income Level of Census Tract**

Washington-Arlington-Alexandria, DC-VA-MD (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
	(12) Home Purchase				(122,778)			
Low	0	0.0	0	0.0	6,860	5.6	2,010,411	4.1
Moderate	2	16.7	182	8.5	22,044	18.0	6,130,984	12.6
Middle	3	25.0	705	33.0	44,867	36.6	15,512,135	31.9
Upper	7	58.3	1,249	58.5	48,743	39.8	24,966,001	51.3
	(25) Refinance				(99,404)			
Low	0	0.0	0	0.0	4,326	4.4	1,234,116	3.3
Moderate	3	12.0	429	8.0	13,838	13.9	3,672,180	9.7
Middle	2	8.0	351	6.6	34,423	34.6	11,136,286	29.5
Upper	20	80.0	4,566	85.4	46,817	47.1	21,716,965	57.5
	(26) Home Improvement				(10,581)			
Low	1	3.8	451	11.8	394	3.7	46,640	3.5
Moderate	3	11.5	310	8.1	1,188	11.2	101,823	7.7
Middle	9	34.6	869	22.8	3,335	31.5	329,594	25.0
Upper	13	50.0	2,189	57.3	5,664	53.5	841,944	63.8
	(5) Multi-Family				(540)			
Low	2	40.0	1,198	60.0	132	24.4	786,068	9.0
Moderate	0	0.0	0	0.0	152	28.1	2,648,515	30.4
Middle	3	60.0	800	40.0	137	25.4	2,748,750	31.5
Upper	0	0.0	0	0.0	119	22.0	2,541,951	29.1
	HMDA Totals							
Low	3	3.9	1,649	11.5	11,712	5.0	4,077,235	4.2
Moderate	9	11.8	961	6.7	37,222	15.9	12,553,502	13.0
Middle	19	25.0	2,825	19.7	82,762	35.4	29,726,765	30.7
Upper	44	58.0	8,554	59.5	101,343	43.5	50,066,861	51.8
NA*	1	1.3	368	2.6	508	0.2	249,153	0.3
<b>Total</b>	<b>76</b>	<b>100.0</b>	<b>14,357</b>	<b>100.0</b>	<b>233,547</b>	<b>100.0</b>	<b>96,673,516</b>	<b>100.0</b>

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



During 2019, the majority of HMDA loans reported by EB were for home improvement and refinance purposes, while aggregate lenders were more heavily concentrated in purchase and refinance loans. Considering both demographic and aggregate proxies for demand, the bank's home purchase, refinance, and multi-family lending performance is considered adequate, while its home improvement performance is considered good.

As reflected in the preceding table, the bank's total HMDA lending in low- (3.9%) and moderate- (11.8%) income tracts slightly lagged the aggregate lending level in low- (5%) and moderate- (15.9%) income tracts in the assessment area. EB's level of lending in low- and moderate-income tracts also lags the proportion of owner-occupied housing units located in such tracts (5.2% and 17.3%, respectively). This level of lending performance is considered adequate.

During 2018, the bank originated 13 HMDA loans totaling \$4.4 million, of which two loans totaling \$1.3 million were in low-income census tracts and five loans totaling \$1.2 million were in moderate-income census tracts. The bank's percentage of HMDA lending in low-income tracts (15.4%) exceeds both the aggregate lending level (5.6%) and the percentage of owner-occupied housing units in such tracts (5.3%). EB's lending in moderate-income tracts (38.5%) also exceeds the aggregate lending level (16.8%) and the percentage of owner-occupied housing units in such tracts (17.6%). This level of lending is considered excellent.

Overall, the bank's HMDA geographic distribution performance is considered good based upon the relative performance levels for each year and the greater dollar volume of lending during 2019.

**Distribution of Small Business Loans by Income Level of Census Tract**

Washington-Arlington-Alexandria, DC-VA-MD (2018)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	6	5.8	1,275	4.0	7,455	4.7	211,587	4.1
Moderate	22	21.4	7,456	23.6	25,919	16.4	811,154	15.9
Middle	35	34.0	11,742	37.2	52,954	33.5	1,792,636	35.1
Upper	38	36.9	9,156	29.1	70,846	44.9	2,245,216	44.1
NA*	2	1.9	1,900	6.1	745	0.5	41,210	0.8
<b>Total</b>	<b>103</b>	<b>100.0</b>	<b>31,529</b>	<b>100.0</b>	<b>157,919</b>	<b>100.0</b>	<b>5,101,803</b>	<b>100.0</b>

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

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

The bank's percentage of 2018 small business lending in low-income census tracts (5.8%) exceeds aggregate reporters' lending level (4.7%) and the percentage of businesses located in such tracts (5.4%). Similarly, EB's level of lending in moderate-income census tracts (21.4%) exceeds the aggregate lending level (16.4%) and the percentage of businesses in such tracts (17.1%). Overall, the bank's small business lending performance during 2018 is considered excellent.

During 2019, the bank originated 100 small business loans totaling \$28.5 million, of which four loans totaling \$900,000 were in low-income census tracts and 16 loans totaling \$4.7 million were in moderate-income census tracts. The bank's percentage of small business lending in low- (4%) and moderate- (16%) income census tracts is slightly lower than its lending levels during 2018 and the percentage of businesses located in such tracts (22.4%). Considering the 2018 aggregate lending level as an element of performance context, EB's lending performance during 2019 is considered good.

Overall, the bank's small business geographic distribution performance is considered good based upon the relative performance levels and dollar volume of lending each year.

**Distribution by Borrower Income and Revenue Size of the Business:**

EB’s borrower distribution performance is considered poor for HMDA lending and adequate for small business lending. Overall, EB’s borrower distribution performance in the multistate area is considered adequate. In reaching this conclusion, the small business performance carried greater weight given its larger dollar volume and the relative performance levels of each product were also an important factor.

**Distribution of HMDA Loans by Income Level of Borrower**

Washington-Arlington-Alexandria, DC-VA-MD (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
<b>HMDA Totals</b>								
Low	4	5.9	370	3.4	17,004	8.9	3,177,687	4.4
Moderate	6	8.8	535	5.0	41,756	21.8	10,911,670	15.1
Middle	8	11.8	1,509	14.0	48,816	25.5	16,347,858	22.6
Upper	50	73.5	8,361	77.6	84,002	43.8	42,049,154	57.9
<b>Total</b>	<b>68</b>	<b>100.0</b>	<b>10,775</b>	<b>100.0</b>	<b>191,578</b>	<b>100.0</b>	<b>72,486,369</b>	<b>100.0</b>
Unknown	8		3,582		41,969		24,187,147	

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

In 2019, the bank’s lending to low- (5.9%) and moderate- (8.8%) income borrowers lagged the aggregate lending level for low- and moderate-income borrowers (8.9% and 21.8%, respectively). Additionally, the bank’s lending level trailed the percentage of low- (23%) and moderate- (16.5%) income families in the assessment area. This performance level is considered poor.

During 2018, the bank originated 13 HMDA loans totaling \$4.4 million, of which there were no loans made to low-income borrowers, and one loan to moderate-, one loan to middle-, and two loans to upper-income borrowers. The remaining nine loans were made to borrowers with unknown incomes, and therefore, were excluded from the analysis. The bank's lending level to low-income borrowers (0%) significantly lagged the aggregate lending level (10.1%) and the percentage of area low-income families (23.1%) and is considered very poor. The bank’s level of lending to moderate-income borrowers (25%) exceeds both the aggregate lending level (22.5%) to such borrowers and the percentage of area moderate-income families (16.5%) and is considered good. On a combined basis, the bank's lending to low- and moderate-income borrowers during 2018 is considered adequate.

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

**Distribution of Lending by Loan Amount and Size of Business**

Washington-Arlington-Alexandria, DC-VA-MD (2018)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	36	35.0	7,136	22.6	74,822	47.1	1,579,307	30.8
Over \$1 Million	67	65.0	24,393	77.4	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	27	26.2	1,484	4.7	150,722	94.9	2,103,267	41.1
\$100,001-\$250,000	36	35.0	6,629	21.0	3,778	2.4	652,712	12.7
\$250,001-\$1 Million	40	38.8	23,416	74.3	4,249	2.7	2,363,372	46.2
<b>Total</b>	<b>103</b>	<b>100.0</b>	<b>31,529</b>	<b>100.0</b>	<b>158,749</b>	<b>100.0</b>	<b>5,119,351</b>	<b>100.0</b>

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

D&B data from 2018 indicates that 90.2% of all local businesses have revenues of \$1 million or less per year, and aggregate lending data from 2018 indicates that 47.1% of reported small business loans were made to businesses having annual revenues of \$1 million or less. The remaining portion of loans were made to businesses that either had revenues greater than \$1 million or had unknown revenues. As part of performance context, aggregate lending data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 48.3% were made to businesses having annual revenues of \$1 million or less. With 35% of its small business loans made to businesses with annual revenues of \$1 million or less, the bank's level of lending in 2018 is considered adequate, and its performance during 2019 is similar.

### **Community Development Loans:**

EB makes a relatively high level of community development loans. During the evaluation period, the bank funded 12 loans totaling \$21.8 million within this assessment area. Of the total qualified loans, five helped to facilitate affordable housing, two promoted economic development to businesses carrying the 8(a) and 8(m) designation from the Small Business Administration, and five were originated in response to the COVID-19 pandemic as part of the Paycheck Protection Program. The funds were used to maintain jobs for low- and moderate-income individuals during the economic shutdown. The bank's performance in this area is considered to be responsive to the credit needs within the assessment area.

### **INVESTMENT TEST**

The bank's level of responding to community development needs through its investment activities is rated Low Satisfactory. As previously mentioned, the bank holds three investments totaling \$6 million that benefit multiple assessment areas, including the multistate area. In addition, EB holds the following investments that benefit the multistate area:

- EB holds \$2.2 million in four bonds issued by the Maryland Department of Housing and Community Development, an agency of the State of Maryland, where the proceeds are used to facilitate affordable housing through the acquisition and development of existing, newly constructed, or rehabilitated single-family residences throughout the state, including the multistate assessment area.

EB's qualified investments benefit the larger statewide and regional areas that include the multistate area, but do not specifically target the assessment area. Relative to the available investment opportunities, bank capacity, and local market impact, EB's level of qualified investments reflects adequate performance.

### **SERVICE TEST**

EB's Service Test performance in the multistate assessment area is rated Low Satisfactory. Systems for delivering retail banking services are reasonably accessible to all portions of the assessment area, including low- and moderate-income people and areas; however, bank employees provide a limited level of community development services given the size, location, and financial capacity of the institution.

### **Retail Services:**

The institution currently operates six branch offices within this assessment area. Although none are located in low- or moderate-income census tracts, they are reasonably accessible to low- and moderate-income individuals and geographies. The bank closed two branches within the assessment area during the review period, but the closures were in middle- and upper-income census tracts and generally did not adversely affect the bank's accessibility to low- and moderate-income individuals and geographies.

Branch offices are generally open from 9:00 a.m. until 5:00 p.m. Monday through Thursday, and until 6:00 p.m. on Friday. Alternative delivery systems are also available through 24-hour ATM access, online and mobile banking, bank-by-mail, and bank-by-phone services that are offered by the institution. Products and services do not vary significantly among branch locations or markets. Additionally, the bank offers a variety of free accounts and products that benefit low- and moderate-income individuals. Overall, business hours and services are considered convenient to individuals and geographies of varying income levels within the assessment area.

**Community Development Services:**

Within this assessment area, community development opportunities are reasonably available, and the bank has sufficient capacity to participate in such activities. Within this context, the bank and its employees provide a limited level of community development services that support local organizations whose operations benefit low- and moderate-income people and/or promote small business development within the assessment area.

The bank has an employee that serves on the finance committee of the St. Vincent DePaul Society of Baltimore, Inc., an organization that provides many services for the disadvantaged citizens of Baltimore City including a Head Start program and homeless and hunger services for low-income children and adults in the greater Baltimore area.

## COMMONWEALTH OF VIRGINIA

### *CRA RATING FOR COMMONWEALTH OF VIRGINIA<sup>2</sup>: SATISFACTORY*

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

Major factors supporting the rating include:

- Lending activity within the statewide market reflects a good responsiveness to assessment area credit needs consistent with the bank's capacity to lend. The bank offers a broad range of loan products to meet the needs of the statewide area.
- While performance varies by product and year, the bank's geographic and borrower distribution performance are considered good overall.
- EB provides an adequate level of community development loans given its capacity to lend and available opportunities in the assessment areas.
- The bank maintains an adequate level of qualified investments that benefit the statewide area, including the assessment areas located in Virginia, but makes rare use of innovative and/or complex investments to support community development initiatives.
- Delivery systems and branch locations are reasonably accessible to individuals and geographies of varying income levels, and branch hours and services do not vary significantly across the Commonwealth. Branch closings have generally not adversely affected low- and moderate-income individuals or areas.
- EB and its employees provide an adequate level of community development services within the assessment areas.

### SCOPE OF EXAMINATION

EB's HMDA and small business loan originations from calendar years 2018 and 2019 were analyzed to evaluate the bank's lending distribution performance. As previously noted, small farm loans were not evaluated given the limited volume. Qualified community development loans and services made since the previous evaluation, and all qualified investments made during the same period and those outstanding as of the data of the evaluation, regardless of when made, were also considered.

EB delineates the following five assessment areas in the Commonwealth of Virginia:

- Richmond, VA
- Lynchburg, VA
- Cumberland, VA NonMSA
- Essex, VA NonMSA
- Louisa, VA NonMSA

On a combined basis, the Virginia assessment areas account for a majority of the bank's branching (75%), lending (79.6%) and deposit volume (81.1%), with the Richmond, VA assessment area accounting for 50%, 49%, and 56.7%, respectively. **Appendix D** details loan volume, number of branches, and deposit volume by assessment area.

<sup>2</sup> 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.

Based upon relative size and concentration of banking activities, the bank's performance in the Commonwealth of Virginia was evaluated by applying the full-scope interagency evaluation procedures to the Richmond, VA assessment area. Consequently, the statewide ratings for the Lending, Investment, and Service Tests are based on the bank's performance in this assessment area. The remaining four assessment areas in the Commonwealth were subject to limited-scope review procedures, and a determination was made as to whether performance was consistent with the assigned state ratings. **Appendices A and B** include information about the evaluation's scope and statewide ratings.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE COMMONWEALTH OF VIRGINIA

The institution operates 18 full-service branches in five assessment areas throughout the Commonwealth of Virginia (excluding the multistate assessment area). These branches account for approximately \$1.1 billion (81.1%) of the bank's \$1.4 billion total deposit base. As of June 30, 2020, EB ranked 7<sup>th</sup> out of 35 institutions in deposit market share having .9% of the available FDIC insured deposits within its Virginia assessment areas.

According to the 2015 ACS data, the assessment areas served by the bank have a total population of approximately 1.3 million, including 307,661 families. A majority of the families are middle- and upper-income (62.7%), while low- and moderate-income families comprise 19.9% and 17.4% of the total, respectively. Within these assessment areas, the owner-occupancy rate equals 59.1%, which is similar to the owner-occupancy rate for the Commonwealth of Virginia (59.2%), and 8.9% of families live below the poverty level. Area median family incomes for EB's assessment areas in Virginia during 2018 and 2019 are detailed in the following table.

Median Family Income by MSA/MD	2018	2019
Richmond, VA MSA	\$83,200	\$81,600
Lynchburg, VA MSA	\$63,600	\$68,900
Virginia Statewide Nonmetropolitan Areas	\$55,900	\$56,100

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN VIRGINIA

The overall statewide ratings are based on EB's performance in the Richmond, VA assessment area, as it accounts for the majority of loan and deposit volume within Virginia and was the only assessment area subject to a full-scope review.

### LENDING TEST

Overall, the statewide Lending Test is rated High Satisfactory. Lending activity is considered good relative to the distribution of branches and deposits, while geographic and borrower distribution performance is considered good overall for both product lines. Also, EB makes an adequate level of community development loans within the Commonwealth of Virginia.

#### Lending Activity:

Bank lending activity as measured by the number (79.6%) and dollar volume (74.5%) of originations is similar to the percentage of branches (75%) and local deposits (81.1%) located within the bank's Virginia assessment areas. **Appendix D** includes information detailing the lending volume, branch locations, and deposit volume by assessment area.

According to 2019 aggregate data, the institution ranked 38<sup>th</sup> out of 579 reporters in HMDA lending with 0.5% market share. As previously mentioned, 2019 aggregate CRA loan data is not currently available and EB did not report CRA loan data in 2018. The HMDA market share ranking indicates that the bank is an active mortgage lender within its Virginia assessment areas.

The bank's lending levels reflect good responsiveness to assessment area credit needs relative to the bank's capacity to lend and local economic conditions. As previously noted, EB makes use of innovative and/or flexible lending practices to meet the credit needs of all its assessment areas through the Paycheck Protection Program (PPP) loan program.

### **Geographic and Borrower Distribution:**

Geographic and borrower distribution performance varies by product and year, but both are considered good overall. When reaching overall conclusions, the level of performance for each product is typically weighted by the dollar volume of lending and the relative strength of performance for each product. In this assessment area, small business lending performance carries greater weight in reaching overall conclusions given its comparatively larger dollar volumes in 2018 and 2019.

### **Community Development Loans:**

Community development lending opportunities are reasonably available within the bank's Virginia assessment areas. Additionally, the bank faces no constraints relative to community development lending when considering its capacity and local competition.

The bank makes an adequate level of community development loans in Virginia. During the evaluation period, the bank originated nine community development loans totaling \$7.9 million within the Commonwealth for the purposes of affordable housing and economic development. Further information regarding these loans is included in the respective assessment area sections of the evaluation.

### **INVESTMENT TEST**

The institution's statewide rating under the Investment Test is Low Satisfactory. As previously noted, the bank holds three investments in VHDA bonds totaling \$1.7 million and an equity investment in the Housing Equity Fund of Virginia XXI totaling \$1 million that benefit the statewide area, including the bank's assessment areas. Additionally, the bank has committed \$3.5 million, of which \$3.3 million is funded, to a SBIC fund that benefits the regional area, including the Commonwealth of Virginia.

### **SERVICE TEST**

The institution's statewide rating under the Service Test is rated Low Satisfactory. Delivery systems are reasonably accessible to all portions of the bank's assessment areas, and products and services offered within the Virginia markets do not vary significantly. Two branches have been closed since the previous evaluation, but the closures occurred in middle- and upper-income census tracts and generally did not adversely affect accessibility for low- and moderate-income individuals or geographies. EB and its employees provide an adequate level of community development services, primarily to organizations that provide community services and facilitate economic development within its assessment areas.

## **METROPOLITAN AREAS**

*(For metropolitan areas with some or all assessment areas reviewed using full-scope review)*

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN RICHMOND, VA**

The assessment area is located in central Virginia and consists of the City of Richmond and six surrounding counties within the Richmond, VA MSA. The bank does not delineate the entire MSA. EB operates 12 branch offices in the assessment area, and as of June 30, 2020, ranked 8<sup>th</sup> out of 26 institutions in local deposit market share having .6% of the available FDIC insured deposits (excluding credit unions).

According to ACS data, the assessment area has a population of 1,028,140 and a median housing value of \$222,160. The owner-occupancy rate for the assessment area is 60.2%, which is similar to the rates for the entire Richmond, VA MSA (59.9%) and the Commonwealth (59.2%). Within the assessment area, 8.2% of families are considered to be below the poverty level, which is slightly lower than the rate for the Richmond, VA MSA (8.8%), but equal to the Commonwealth's rate (8.2%). As previously stated, the estimated median family income for the Richmond, VA MSA equaled \$83,200 and \$81,600 during 2018 and 2019, respectively. The following table includes pertinent demographic data for the assessment area.



**Assessment Area Demographics**

Richmond, VA (Based on 2015 ACS Data and 2018 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	28	11.8	18,081	7.2	6,298	34.8	49,401	19.7
Moderate	49	20.6	41,902	16.7	5,802	13.8	43,593	17.4
Middle	84	35.3	97,692	38.9	6,265	6.4	50,068	20.0
Upper	75	31.5	93,152	37.2	2,112	2.3	107,792	42.9
NA	2	0.8	27	0.0	9	33.3		
<b>Total</b>	<b>238</b>	<b>100.0</b>	<b>250,854</b>	<b>100.0</b>	<b>20,486</b>	<b>8.2</b>	<b>250,854</b>	<b>100.0</b>
	<b>Owner Occupied Units by Tract</b>		<b>Households</b>					
			<b>HHs by Tract</b>		<b>HHs &lt; Poverty by Tract</b>		<b>HHs by HH Income</b>	
	#	%	#	%	#	%	#	%
Low	10,616	4.2	33,418	8.6	11,493	34.4	86,874	22.3
Moderate	36,841	14.4	75,900	19.5	12,710	16.7	63,488	16.3
Middle	104,081	40.8	146,897	37.7	12,430	8.5	70,483	18.1
Upper	103,644	40.6	133,417	34.1	6,750	5.1	169,142	43.3
NA	51	0.0	355	0.1	229	64.5		
<b>Total</b>	<b>255,233</b>	<b>100.0</b>	<b>389,987</b>	<b>100.0</b>	<b>43,612</b>	<b>11.2</b>	<b>389,987</b>	<b>100.0</b>
	<b>Total Businesses by Tract</b>		<b>Businesses by Tract and Revenue Size</b>					
			<b>Less than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue not Reported</b>	
	#	%	#	%	#	%	#	%
Low	2,943	5.4	2,584	5.2	338	8.1	21	3.8
Moderate	10,187	18.6	9,084	18.2	946	22.7	157	28.6
Middle	19,213	35.2	17,670	35.4	1,394	33.5	149	27.1
Upper	22,151	40.5	20,473	40.9	1,460	35.1	218	39.8
NA	153	0.3	126	0.3	23	0.6	4	0.7
<b>Total</b>	<b>54,647</b>	<b>100.0</b>	<b>49,937</b>	<b>100.0</b>	<b>4,161</b>	<b>100.0</b>	<b>549</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			91.4		7.6		1.0

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

The local economy benefits from a diverse mixture of local industries. Jobs are provided by several market segments, to include federal, state, and local government, manufacturing, tourism, primary and secondary education, and various aspects of financial services. Recent and historical periodic unemployment rates since the previous evaluation are included in the following table.

Geographic Area	March 2018	March 2019	June 2020
Chesterfield County, VA	3.1%	2.9%	7.9%
Goochland County, VA	3.1%	3%	6.6%
Hanover County, VA	2.8%	2.6%	6.4%
Henrico, County VA	3.2%	3%	8.7%
King William County, VA	3%	2.9%	7%
Powhatan County, VA	2.9%	2.6%	6.6%
Richmond City, VA	3.8%	3.5%	11.8%
<b>Richmond, VA MSA</b>	<b>3.4%</b>	<b>3.1%</b>	<b>8.9%</b>
<b>Commonwealth of Virginia</b>	<b>3.2%</b>	<b>3%</b>	<b>8.2%</b>

During 2018 and 2019, unemployment rates in the assessment area were low and approximated the rates for the MSA and Commonwealth of Virginia. Sharp increases in unemployment starting in 2020 can be attributed to nationwide quarantine restrictions implemented as part of the COVID-19 pandemic response.

A local economic development official was recently contacted to discuss the local economic conditions and credit needs of the community. The contact stated that there is a need for capital, especially for small minority and women-owned businesses. The contact also stated that the banking needs of the community are being addressed and is unaware of any hindrances for credit within the area.

Discussions with the community contact and reviews of the performance evaluations of other financial institutions having a local presence indicated that community development opportunities are reasonably available within the bank's assessment area when considering performance context factors. 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:

### LENDING TEST

The institution's overall lending performance within this assessment area is rated High Satisfactory based on the evaluation of lending activity, geographic and borrower distribution performance, and the level of community development lending, while taking into account the bank's market strategy, area demographic data, and aggregate loan data.

During 2018 and 2019, EB originated \$47.2 million in HMDA and \$102 million in small business loans within the assessment area. Accordingly, small business lending performance is given more weight when evaluating overall lending performance. The relative strength of performance for each product type is also considered.

### Lending Activity:

The bank's lending activity reflects a good level of responsiveness to the credit needs of the assessment area. Also, the bank uses innovative and/or flexible lending practices in serving its community, to include very low-income individuals and very small businesses.

Bank lending activity as measured by the number (49%) and dollar volume (48.7%) of originations slightly lags, but is similar to, the percentage of bank branches (50%) and local deposits (56.7%) in the assessment area.

According to 2019 aggregate data, the institution ranked 44<sup>th</sup> out of 541 reporters in HMDA lending with 0.4% market share. As previously mentioned, 2019 aggregate CRA loan data is not currently available and EB did not report CRA loan data in 2018.

**Geographic Distribution:**

EB’s geographic distribution performance is considered excellent for HMDA and good for small business lending. Based upon the relative strength of performance and dollar volume of lending for each product during 2018 and 2019, overall performance is considered good.

**Distribution of HMDA Loans by Income Level of Census Tract**

Richmond, VA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
	(44)				(26,037)			
	Home Purchase							
Low	11	25.0	1,919	18.4	1,269	4.9	223,444	3.3
Moderate	3	6.8	499	4.8	3,747	14.4	697,570	10.2
Middle	13	29.5	3,188	30.6	9,919	38.1	2,254,486	33.1
Upper	17	38.7	4,809	46.2	11,094	42.6	3,631,571	53.4
	(63)				(18,255)			
	Refinance							
Low	10	15.9	1,100	9.8	528	2.9	103,708	2.3
Moderate	11	17.5	2,856	25.6	2,224	12.2	385,812	8.7
Middle	21	33.3	3,282	29.4	7,030	38.5	1,480,450	33.3
Upper	21	33.3	3,930	35.2	8,473	46.4	2,470,463	55.7
	(33)				(2,134)			
	Home Improvement							
Low	2	6.1	154	5.9	71	3.3	4,475	2.6
Moderate	4	12.1	233	8.9	224	10.5	14,419	8.4
Middle	10	30.3	783	30.0	738	34.6	49,627	29.0
Upper	17	51.5	1,442	55.2	1,101	51.6	102,542	60.0
	(12)				(125)			
	Multi-Family							
Low	2	16.7	2,441	20.6	17	13.6	79,724	4.9
Moderate	4	33.3	3,755	31.7	48	38.4	709,296	43.6
Middle	0	0.0	0	0.0	30	24.0	319,680	19.7
Upper	6	50.0	5,648	47.7	30	24.0	516,297	31.8
	HMDA Totals							
Low	25	13.9	5,614	14.7	1,885	4.0	411,351	3.2
Moderate	24	13.3	7,423	19.4	6,243	13.4	1,807,097	13.8
Middle	59	32.8	8,296	21.7	17,717	38.1	4,104,243	31.4
Upper	72	40.0	16,974	44.2	20,698	44.5	6,720,873	51.5
NA*	0	0.0	0	0.0	11	0.0	6,998	0.1
<b>Total</b>	<b>180</b>	<b>100.0</b>	<b>38,307</b>	<b>100.0</b>	<b>46,554</b>	<b>100.0</b>	<b>13,050,562</b>	<b>100.0</b>

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

During 2019, the majority of HMDA loans reported by EB and aggregate lenders in this assessment area were for home purchase and refinance purposes. Considering both demographic and aggregate proxies for demand, the bank's home purchase, refinance, and home improvement lending performance is considered excellent, while its multi-family performance is considered good.

As reflected in the preceding table, the bank’s HMDA lending in low- (13.9%) and moderate- (13.3%) income census tracts exceeds the aggregate lending levels (4% and 13.4%, respectively) and the percentage of owner-occupied units in such tracts (4.2% and 14.9%, respectively). The bank’s level of lending is considered to be excellent, and its performance during 2018 is substantially similar.

**Distribution of Small Business Loans by Income Level of Census Tract**

Richmond, VA (2018)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	10	4.2	3,530	6.8	1,090	4.9	56,991	7.2
Moderate	45	18.8	9,814	19.0	3,710	16.7	146,023	18.5
Middle	96	40.0	19,686	38.1	7,548	34.1	248,534	31.5
Upper	89	37.0	18,584	36.1	9,779	44.2	335,686	42.5
NA*	0	0.0	0	0.0	33	0.1	2,741	0.3
<b>Total</b>	<b>240</b>	<b>100.0</b>	<b>51,614</b>	<b>100.0</b>	<b>22,160</b>	<b>100.0</b>	<b>789,975</b>	<b>100.0</b>

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

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

EB's level of 2018 small business lending in low-income census tracts (4.2%) is similar to aggregate reporters' lending levels (4.9%), but is slightly below the percentage of businesses located in such tracts (5.4%). The bank's lending level in moderate-income census tracts (18.8%) exceeds both the aggregate lending level (16.7%) and the percentage of businesses in such tracts (18.6%). This level of lending is considered good.

In 2019, the bank reported 224 small business loans totaling \$50.4 million within the assessment area. Of this total, nine loans (4%) totaling \$3.9 million (7.8%) were located in low-income census tracts and 33 loans (14.7%) totaling \$7 million (14%) were located in moderate-income census tracts. According to 2019 D&B data, the bank's lending level slightly lags the percentage of area businesses in low- (5.6%) and moderate- (19.1%) income census tracts. Using the demographic data as a proxy for demand, and 2018 aggregate lending levels as performance context, the bank's lending performance in 2018 and is considered adequate.

Overall, the bank's small business geographic distribution performance is considered good based upon the relative performance levels and dollar volume of lending each year.

**Distribution by Borrower Income and Revenue Size of the Business:**

EB's borrower distribution performance for HMDA lending is considered poor, while its small business lending performance is considered good. Overall, the bank's borrower distribution performance is considered good, with greater weight given to small business lending based on its comparatively larger dollar volume within the assessment area.

**Distribution of HMDA Loans by Income Level of Borrower**

Richmond, VA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
<b>HMDA Totals</b>								
Low	5	4.0	605	3.5	3,117	8.0	417,398	4.4
Moderate	20	16.1	1,785	10.3	9,368	23.9	1,646,551	17.4
Middle	24	19.4	2,173	12.6	9,578	24.4	2,115,690	22.4
Upper	75	60.5	12,731	73.6	17,114	43.7	5,277,476	55.8
<b>Total</b>	<b>124</b>	<b>100.0</b>	<b>17,294</b>	<b>100.0</b>	<b>39,177</b>	<b>100.0</b>	<b>9,457,115</b>	<b>100.0</b>
Unknown	56		21,013		7,377		3,593,447	

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

The bank's 2019 HMDA lending to low-income borrowers (4%) lags the aggregate lending level (8%) and the percentage of low-income families residing in the assessment area (19.7%). The bank's level of lending to moderate-income borrowers (16.1%) also trails the aggregate lending level (23.9%) and the percentage of moderate-income families in the assessment area (17.4%). Overall, the bank's HMDA lending performance during 2019 is considered adequate.

In 2018 the bank originated 14 HMDA loans totaling \$4.3 million with reported borrower incomes, of which there was one loan each to low- and moderate-income borrowers. HMDA lending to low- (7.1%) and moderate- (7.1%) income borrowers significantly lagged the aggregate lending level to such borrowers (10.5% and 25.5%, respectively). Additionally, the bank's lending trails the low- (19.7%) and moderate- (17.4%) income families in the assessment area. This performance level is considered poor.

Overall, the bank's HMDA borrower distribution performance is considered to be poor based upon the relative performance levels and loan volumes each year.

**Distribution of Lending by Loan Amount and Size of Business**

Richmond, VA (2018)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	135	56.3	28,966	56.1	11,183	49.9	287,423	36.0
Over \$1 Million	97	40.4	20,906	40.5	NA	NA	NA	NA
Unknown	8	3.3	1,742	3.4	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	108	45.0	5,490	10.6	21,126	94.2	315,684	39.5
\$100,001-\$250,000	60	25.0	10,079	19.5	613	2.7	108,045	13.5
\$250,001-\$1 Million	72	30.0	36,045	69.9	679	3.1	374,964	47.0
<b>Total</b>	<b>240</b>	<b>100.0</b>	<b>51,614</b>	<b>100.0</b>	<b>22,418</b>	<b>100.0</b>	<b>798,693</b>	<b>100.0</b>

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

D&B data from 2018 indicates that 91.4% of all local businesses have revenues of \$1 million or less per year, and aggregate lending data from 2018 indicates that 49.9% of reported small business loans were made to businesses having annual revenues of \$1 million or less. The remaining portion of loans were made to businesses that either had revenues greater than \$1 million or had unknown revenues. As part of performance context, aggregate lending data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 54.5% were made to businesses having annual revenues of \$1 million or less. With 56.3% of its small business loans made to businesses with annual revenues of \$1 million or less, the bank's level of lending in 2018 is considered good, and its performance in 2019 is similar.

**Community Development Lending:**

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

The bank makes an adequate level of community development loans in this assessment area. During the evaluation period, EB originated five qualified community development loans totaling \$4.2 million that meet affordable housing and economic development credit needs of the assessment area. The following qualified community development loans were made during the evaluation period.

- Three loans totaling \$532,000 to finance single- and multi-family residences that have rents considered to be affordable for low- and moderate-income individuals in the assessment area.
- Two loans under the Payroll Protection Program (PPP) totaling \$3.7 million to aid in maintaining jobs for primarily low- and moderate-income individuals during the COVID-19 pandemic.

## INVESTMENT TEST

As stated previously, the bank holds \$6 million in five qualified community development investments that serve a broader statewide and regional geographic area, to include this assessment area. This level of investment activity is considered adequate, but the bank makes rare use of innovative and/or complex investments to support community development initiatives.

## SERVICE TEST

EB's performance under the Service Test in this assessment area is rated Low Satisfactory. Systems for delivering retail banking services are reasonably accessible to all portions of the assessment area, including low and moderate-income individuals and geographies. The bank opened one branch in an upper-income census tract, but has not closed any branches in this assessment area since the previous evaluation. EB and its employees provide an adequate level of community development services.

### Retail Services:

Delivery systems and branch locations are reasonably accessible to geographies and individuals of varying income levels within the assessment area. The institution operates 12 branch offices within the assessment area. Of this total, five (41.7%) are located in middle-income census tracts and seven (58.3%) are located in upper-income census tracts. The absence of branches in low- and moderate-income tracts is below the distribution of such tracts (11.8% and 20.6%, respectively) and the percentage of households located in such tracts (8.6% and 19.5%, respectively) within the assessment area. A few branches are located within close proximity to some of the moderate-income census tracts within the assessment area.

Bank hours and services do not vary in a way that inconveniences low- and moderate-income individuals or areas within the assessment area. Branch offices are generally open from 9:00 a.m. until 5:00 p.m. Monday through Thursday, and until 6:00 p.m. on Friday. As previously noted, alternative delivery systems are also available through 24-hour ATM access, online and mobile banking, bank-by-mail, and bank-by-phone services that are offered by the institution. Products and services do not vary significantly among branch locations or markets.

### Community Development Services:

Within this assessment area, community development opportunities are reasonably available, and the bank has sufficient capacity to participate in such activities. Within this context, the bank and its employees provide an adequate level of community development services within the assessment area to local organizations that serve low- and moderate-income people and/or promote small business development. During the evaluation period, bank employees provided financial expertise to the following qualifying organizations:

- Junior Achievement – Two employees participated in Junior Achievement Day at a local elementary school in Henrico County where a majority of students participate in the free or reduced lunch program.
- Goochland County Chamber of Commerce – One employee serves as the liaison between the chamber and the Goochland County Economic Development Office. The purpose of the Goochland County Economic Development Office is to promote the county and attract new businesses to the area to foster economic growth and increase the job market.
- Goochland County Department of Social Services – One employee serves as a committee chairperson and provides her financial expertise to assist this government agency. The agency sponsors several programs to provide assistance low- and moderate-income families and individuals with healthcare, food, utility assistance and housing repair.

- Goochland Cares – One employee provides financial expertise to this organization which provides financial assistance to low- and moderate income families and individuals in the county.
- Partnership for the Future – Several employees coordinate and host an annual “Bank Day” sponsored by the Virginia Bankers Association where the bank hosts high school students from local schools with primarily low- and moderate-income students to give them insight into banking and financial services. The bank partners with Partnership for the Future, an organization with college preparation and workforce development programs for high school students from challenging circumstances in the Richmond metro area.

**METROPOLITAN AREAS**

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

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN LYNCHBURG, VA**

Certain assessment areas, which are noted in the table below, 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 tables. 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
Lynchburg, VA	Consistent	Consistent	Consistent



**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 AREAS**

Certain assessment areas, which are noted in the table below, 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 tables. For each test, the conclusion conveys whether performance in an assessment area was generally below, consistent with, or exceeded the institution's statewide ratings.

<b>Assessment Area</b>	<b>Lending Test</b>	<b>Investment Test</b>	<b>Service Test</b>
Essex, VA NonMSA	Exceeds	Consistent	Consistent
Louisa, VA NonMSA	Consistent	Consistent	Consistent
Cumberland, VA NonMSA	Consistent	Consistent	Consistent

**CRA APPENDIX A**  
**SCOPE OF EXAMINATION**

<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED<sup>3</sup></b>	<b>OTHER INFORMATION</b>
Washington-Arlington-Alexandria, DC-VA-MD	Full-Scope	Due to travel restrictions related to COVID-19 and the bank's satisfactory history, no branch visits were conducted.	
Richmond, VA	Full-Scope	Due to travel restrictions related to COVID-19 and the bank's satisfactory history, no branch visits were conducted.	
Essex, VA NonMSA	Limited-Scope	None	
Louisa, VA NonMSA	Limited-Scope	None	
Lynchburg, VA	Limited-Scope	None	
Cumberland, VA NonMSA	Limited-Scope	None	

<sup>3</sup> There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.

**CRA APPENDIX B**

**Summary of State and Multistate MSA Ratings**

<b>State or Multistate Metropolitan Area Name</b>	<b>Lending Test Rating</b>	<b>Investment Test Rating</b>	<b>Service Test Rating</b>	<b>Overall Rating</b>
Washington-Arlington-Alexandria, DC-VA-MD	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
Commonwealth of Virginia	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory

**CRA APPENDIX C**  
**LIMITED REVIEW TABLES**

**Essex, VA NonMSA**

This assessment area is comprised of Essex, King and Queen, Northumberland, Richmond, and Westmoreland counties in their entirety. There are no low- and moderate-, six middle- and six upper-income census tracts in the assessment area.

**LENDING TEST**

**Limited Review Lending Table**

Essex, VA NonMSA (2019)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	<b>Home Purchase</b>				<b>Home Improvement</b>			
<i>Geographic</i>	<b>(5)</b>				<b>(14)</b>			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	2	40.0	46.3	46.7	7	50.0	39.3	46.7
Upper	3	60.0	53.7	53.3	7	50.0	60.7	53.3
	<b>Refinance</b>				<b>Multi-Family</b>			
<i>Geographic</i>	<b>(21)</b>				<b>(1)</b>			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	10	47.6	45.0	46.7	0	0.0	50.0	46.7
Upper	11	52.4	55.0	53.3	1	100.0	50.0	53.3
	<b>HMDA Totals</b>				<b>Consumer</b>			
<i>Geographic</i>	<b>(48)</b>				<b>(NA)</b>			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	23	47.9	45.6	46.7	NA	NA	NA	NA
Upper	25	52.1	54.4	53.3	NA	NA	NA	NA
<i>Borrower</i>	<b>(43)</b>				<b>(NA)</b>			
Low	2	4.7	5.4	16.6	NA	NA	NA	NA
Moderate	4	9.3	13.4	16.6	NA	NA	NA	NA
Middle	9	20.9	22.3	20.1	NA	NA	NA	NA
Upper	28	65.1	59.0	46.7	NA	NA	NA	NA
	<b>Small Business</b>				<b>Small Farm</b>			
<i>Geographic</i>	<b>(62)</b>				<b>(13)</b>			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	33	53.2	NA	50.4	3	23.1	NA	50.0
Upper	29	46.8	NA	49.6	10	76.9	NA	50.0
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	52	83.9	NA	93.0	11	84.6	NA	93.8

*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*

During 2019, borrower distribution performance is considered adequate for HMDA lending and excellent for small business lending.

During 2018, EB's percentage of HMDA lending to low- and moderate-income borrowers (33.3%) significantly exceeds aggregate lending level (20.5%) and is similar to the percentage of area low- and moderate-income families (32.8%). Similarly, EB's percentage of small business lending to businesses with revenues less than \$1 million (80.3%) significantly exceeds the aggregate lending level (45.9%) but slightly lags the percentage of local businesses with revenues less than \$1 million (91.9%). Overall, borrower distribution performance is considered excellent.

The bank originated two community development loans in the assessment area totaling \$2.2 million.

### **INVESTMENT TEST**

Qualified investment activity in this assessment area includes the \$6 million previously discussed benefiting the Commonwealth of Virginia.

### **SERVICE TEST**

EB operates three branch offices in this assessment area. Banking services offered in this assessment area are substantially similar to the services available in the full-scope assessment areas. The bank closed one branch in a moderate-income census tract of the assessment area during the review period. Additionally, one employee serves as the Chairman of the Economic Development Authority for King and Queen County.

**Louisa, VA NonMSA**

This assessment area is comprised of Louisa County, VA in its entirety. There are no low- and moderate-, two middle- and four upper-income census tracts in the assessment area.

**LENDING TEST**

**Limited Review Lending Table**

Louisa, VA NonMSA (2019)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	<b>Home Purchase</b>				<b>Home Improvement</b>			
<i>Geographic</i>	<b>(16)</b>				<b>(9)</b>			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	7	43.8	27.6	30.9	1	11.1	30.8	30.9
Upper	9	56.3	72.4	69.1	8	88.9	69.2	69.1
	<b>Refinance</b>				<b>Multi-Family</b>			
<i>Geographic</i>	<b>(10)</b>				<b>(0)</b>			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	4	40.0	25.5	30.9	0	0.0	0.0	30.9
Upper	6	60.0	74.5	69.1	0	0.0	100.0	69.1
	<b>HMDA Totals</b>				<b>Consumer</b>			
<i>Geographic</i>	<b>(48)</b>				<b>(NA)</b>			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	19	39.6	26.9	30.9	NA	NA	NA	NA
Upper	29	60.4	73.1	69.1	NA	NA	NA	NA
<i>Borrower</i>	<b>(47)</b>				<b>(NA)</b>			
Low	2	4.3	3.3	11.7	NA	NA	NA	NA
Moderate	1	2.1	8.8	13.8	NA	NA	NA	NA
Middle	9	19.1	25.0	18.9	NA	NA	NA	NA
Upper	35	74.5	62.9	55.6	NA	NA	NA	NA
	<b>Small Business</b>				<b>Small Farm</b>			
<i>Geographic</i>	<b>(44)</b>				<b>(7)</b>			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	26	59.1	NA	34.7	1	14.3	NA	30.2
Upper	18	40.9	NA	65.3	6	85.7	NA	69.8
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	35	79.5	NA	93.3	7	100.0	NA	96.5

*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*

During 2019, borrower distribution performance is considered poor for HMDA lending and excellent for small business lending. EB’s lending during 2018 is similar, and overall, borrower distribution performance is consistent with the Commonwealth of Virginia.

No community development loans were originated in this assessment area.

### **INVESTMENT TEST**

Qualified investment activity in this assessment area includes the \$6 million previously discussed benefiting the Commonwealth of Virginia.

### **SERVICE TEST**

EB operates one branch office in this assessment area. Banking services offered in this assessment area are substantially similar to the services available across the Commonwealth. No branching activity occurred in this assessment area during the review period. One bank employee provides financial expertise to three local economic development organizations serving the county.

**Lynchburg, VA**

This assessment area is comprised of the City of Lynchburg and Campbell County, VA in their entirety. There are one low-, 12 moderate-, 14 middle- and four upper-income census tracts in the assessment area.

**LENDING TEST**

**Limited Review Lending Table**

Lynchburg, VA (2019)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	<b>Home Purchase</b>				<b>Home Improvement</b>			
<i>Geographic</i>	<b>(1)</b>				<b>(4)</b>			
Low	0	0.0	2.8	3.4	0	0.0	0.8	3.4
Moderate	1	100.0	33.2	25.5	1	25.0	32.3	25.5
Middle	0	0.0	45.7	54.6	1	25.0	46.8	54.6
Upper	0	0.0	18.3	16.5	2	50.0	20.2	16.5
	<b>Refinance</b>				<b>Multi-Family</b>			
<i>Geographic</i>	<b>(2)</b>				<b>(8)</b>			
Low	0	0.0	1.2	3.4	0	0.0	0.0	3.4
Moderate	1	50.0	24.8	25.5	4	50.0	52.6	25.5
Middle	1	50.0	53.9	54.6	4	50.0	39.5	54.6
Upper	0	0.0	20.0	16.5	0	0.0	7.9	16.5
	<b>HMDA Totals</b>				<b>Consumer</b>			
<i>Geographic</i>	<b>(16)</b>				<b>(NA)</b>			
Low	0	0.0	2.2	3.4	NA	NA	NA	NA
Moderate	7	43.8	30.7	25.5	NA	NA	NA	NA
Middle	7	43.8	48.3	54.6	NA	NA	NA	NA
Upper	2	12.5	18.8	16.5	NA	NA	NA	NA
<i>Borrower</i>	<b>(6)</b>				<b>(NA)</b>			
Low	1	16.7	14.2	25.0	NA	NA	NA	NA
Moderate	2	33.3	26.5	18.7	NA	NA	NA	NA
Middle	0	0.0	26.6	20.5	NA	NA	NA	NA
Upper	3	50.0	32.8	35.8	NA	NA	NA	NA
	<b>Small Business</b>				<b>Small Farm</b>			
<i>Geographic</i>	<b>(16)</b>				<b>(0)</b>			
Low	1	6.3	NA	2.5	0	0.0	NA	1.0
Moderate	5	31.3	NA	35.6	0	0.0	NA	13.5
Middle	8	50.0	NA	46.9	0	0.0	NA	76.0
Upper	2	12.5	NA	15.1	0	0.0	NA	9.4
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	14	87.5	NA	90.4	0	0.0	NA	99.0

*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*

During 2019, geographic distribution performance is considered excellent for HMDA lending and good for small business lending, and performance levels are worse during 2018.

Similarly, borrower distribution performance is considered excellent for HMDA and small business, but performance levels are lower in 2018. Overall, lending performance is consistent with the Commonwealth.



Two community development loans were originated totaling \$1.5 million to facilitate affordable housing initiatives in the assessment area.

#### **INVESTMENT TEST**

Qualified investment activity in this assessment area includes the \$6 million previously discussed benefiting the Commonwealth of Virginia.

#### **SERVICE TEST**

EB operates two branch offices in this assessment area. Banking services offered in this assessment area are substantially similar to the services available across the Commonwealth. No branching activity has occurred since the previous evaluation, and no community development services have been provided in this assessment area.

**Cumberland, VA NonMSA**

This assessment area is comprised of all of Cumberland County, VA. There are no low- and moderate-, one middle- and one upper-income census tracts in the assessment area.

**LENDING TEST**

**Limited Review Lending Table**

Cumberland, VA NonMSA (2019)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	<b>Home Purchase</b>				<b>Home Improvement</b>			
<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	63.7	66.5	0	0.0	45.5	66.5
Upper	0	0.0	36.3	33.5	0	0.0	54.5	33.5
	<b>Refinance</b>				<b>Multi-Family</b>			
<i>Geographic</i>	(3)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	3	100.0	73.6	66.5	0	0.0	0.0	66.5
Upper	0	0.0	26.4	33.5	0	0.0	0.0	33.5
	<b>HMDA Totals</b>				<b>Consumer</b>			
<i>Geographic</i>	(3)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	3	100.0	66.2	66.5	NA	NA	NA	NA
Upper	0	0.0	33.8	33.5	NA	NA	NA	NA
<i>Borrower</i>	(1)				(NA)			
Low	0	0.0	6.8	25.2	NA	NA	NA	NA
Moderate	1	100.0	24.2	14.6	NA	NA	NA	NA
Middle	0	0.0	29.2	19.4	NA	NA	NA	NA
Upper	0	0.0	39.7	40.7	NA	NA	NA	NA
	<b>Small Business</b>				<b>Small Farm</b>			
<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	NA	62.7	0	0.0	NA	74.4
Upper	0	0.0	NA	37.3	0	0.0	NA	25.6
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	0	0.0	NA	93.2	0	0.0	NA	97.4

*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*

No community development loans were originated in this assessment area.

**INVESTMENT TEST**

Qualified investments in this assessment area includes the activities previously discussed for the statewide area.

## **SERVICE TEST**

EB operated one branch office in this assessment area, which closed in August 2019. While open, banking services offered in this assessment area were substantially similar to the services available across the Commonwealth. One employee served as a financial representative for the Cumberland Partnership whose mission was to promote areas of growth and economic activity throughout the county and surrounding area.

**CRA APPENDIX D**

**LOAN, BRANCH, AND DEPOSIT VOLUME BY ASSESSMENT AREA**

The following table includes the distribution of EB’s branch offices, along with its loan and deposit volume in each assessment area. The deposit volume includes all bank deposits and is current as of June 30, 2020, while the loan volume includes all HMDA, small business, and small farm loans considered in the evaluation.

Assessment Area	Loan Volume				Full-Service Branches		Deposit Volume	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Washington-Arlington-Alexandria, DC-VA-MD	292	20.4%	\$78,784	25.5%	6	25%	\$258,385	18.9%
Richmond, VA	700	49%	\$150,566	48.7%	12	50%	\$773,080	56.7%
Essex, VA NonMSA	229	16%	\$22,458	7.3%	3	12.5%	\$177,530	13%
Louisa, VA NonMSA	156	10.9%	\$19,216	6.2%	1	4.2%	\$104,900	7.7%
Lynchburg, VA	48	3.4%	\$37,578	12.1%	2	8.3%	\$50,130	3.7%
Cumberland, VA NonMSA*	4	0.3%	\$507	0.2%	0	0%	\$0	0%
<b>TOTAL</b>	<b>1,429</b>	<b>100%</b>	<b>\$309,109</b>	<b>100%</b>	<b>24</b>	<b>100%</b>	<b>\$1,364,025</b>	<b>100%</b>

\* The bank closed its only branch in this assessment area in August 2019. The table reflects loan data from 2018 and 2019 included in the evaluation, but shows there are no current branch offices nor deposit data as of June 30, 2020.

**CRA APPENDIX E**

**ASSESSMENT AREA AND BRANCHING ACTIVITY**

The following tables reflect the current composition of the bank’s six delineated assessment areas and all branching activity since the previous evaluation (March 26, 2018).

**ASSESSMENT AREA TABLE**

Assessment Area Name	City/County	State	Census Tracts Included
Washington-Arlington-Alexandria, DC-VA-MD	Anne Arundel	MD	All
	Baltimore	MD	All
	Baltimore City	MD	All
	Howard	MD	All
	Montgomery	MD	All
	Prince Georges	MD	All
	District of Columbia	DC	All
	Alexandria City	VA	All
	Arlington	VA	All
	Fairfax	VA	All
	Fairfax City	VA	All
	Falls Church City	VA	All
Richmond, VA	Chesterfield	VA	All
	Goochland	VA	All
	Hanover	VA	All
	Henrico	VA	All
	King William	VA	All
	Powhatan	VA	All
Essex, VA NonMSA	Richmond City	VA	All
	Essex	VA	All
	King and Queen	VA	All
	Northumberland	VA	All
	Richmond	VA	All
Louisa, VA NonMSA	Westmoreland	VA	All
Lynchburg, VA	Louisa	VA	All
	Campbell	VA	All
Cumberland, VA NonMSA	Lynchburg City	VA	All
	Cumberland	VA	All

**BRANCHING ACTIVITY TABLE**

Assessment Area	Date	Address	City/County	State	Tract Income Level	Opened/Closed
Essex, VA NonMSA	6/29/2018	323 Prince Street	Tappahannock	VA	Middle	Closed
Richmond, VA	7/31/2018	12640 Stone Village Way	Midlothian	VA	Upper	Opened
Washington-Arlington-Alexandria, DC-VA-MD	9/14/2018	1460 Ritchie Highway	Arnold	MD	Upper	Closed
Washington-Arlington-Alexandria, DC-VA-MD	12/3/2018	3062 Solomons Island Rd.	Edgewater	MD	Upper	Opened
Washington-Arlington-Alexandria, DC-VA-MD	2/1/2019	2405 York Road	Lutherville-Timmonium	MD	Upper	Opened*
Washington-Arlington-Alexandria, DC-VA-MD	5/31/2019	10509 Judicial Drive	Fairfax	VA	Middle	Closed
Cumberland, VA NonMSA	8/2/2019	1496 Anderson Highway	Cumberland	VA	Upper	Closed

\* This office operates as a commercial loan production office

## 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.