



**PUBLIC DISCLOSURE**

**March 13, 2023**

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Legacy Bank**

**Grundy, Virginia**

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

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

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268828

20957 Riverside Drive

Grundy, Virginia 24614

**Federal Reserve Bank of Richmond**

**P. O. Box 27622**

**Richmond, Virginia 23261**

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## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable given the bank's size, financial condition, and credit needs of the bank's assessment areas.
- A majority of the number of Home Mortgage Disclosure Act (HMDA) and small business loans was originated within the bank's assessment areas; however, less than a majority of the dollar volume of such lending was within the assessment areas.
- The bank's lending penetration among borrowers of different income levels, including low- and moderate-income, and businesses of different sizes is considered reasonable overall. Performance, however, varies by assessment area.
- The bank's geographic distribution of loans reflects an excellent dispersion overall, but performance varies by assessment area.
- The institution has not received any complaints regarding its CRA performance since the previous evaluation.

### **SCOPE OF EXAMINATION**

Legacy Bank (LB) was evaluated using the interagency examination procedures for small institutions developed by the Federal Financial Institutions Examination Council (FFIEC). LB is required to report certain information regarding its home mortgage lending in accordance with the HMDA. Accordingly, all reported HMDA loans from 2020 and 2021 were considered in the evaluation. Small business lending was also identified as a primary product line and was considered in the evaluation. The analysis includes all small business loans originated during 2021.

Currently, LB serves two assessment areas located within southwestern Virginia and northeastern Tennessee, and both assessment areas were evaluated using the FFIEC's full-scope examination procedures. The assessment areas include:

- Buchanan, VA NonMSA
- Kingsport-Bristol, TN-VA

Based on the bank's branch locations, an overall rating and ratings for the Commonwealth of Virginia and the multistate metropolitan assessment area were assigned. The institution's overall rating is based on the ratings assigned to Virginia and the multistate metropolitan area. These ratings are weighted primarily according to bank activity as measured by relative lending volume, amount of deposits, and the number of branches. In all cases, conclusions also take into consideration relevant performance context factors. When assigning the institution's overall rating, the bank's performance in Virginia is given the most weight, as a significant portion of the bank's loans, deposits, and branches are located within the state but outside the multistate metropolitan area.

### **DESCRIPTION OF INSTITUTION**

LB is headquartered in Grundy, Virginia, and operates a total of six branch offices and five automated teller machines (ATMs) within southwestern Virginia and northeastern Tennessee. LB, formerly Grundy National Bank, converted from a national charter to a state charter and changed its name in June 2020. The bank is a wholly owned subsidiary of GNB Bankshares, a single-bank holding company, also headquartered in Grundy, Virginia. LB received a Satisfactory rating at its prior CRA evaluation dated April 24, 2017 issued by the Office of the Comptroller of the Currency. No known legal impediments exist that would constrain the bank from meeting the credit needs of its assessment areas.

As of December 31, 2022, the bank reported \$320.1 million in assets, of which 45.3% were net loans and 33.9% were securities. During this same period, deposits totaled \$264.7 million. Various deposit and loan products are available through the institution including loans for residential mortgage, business, and consumer purposes. The composition of the loan portfolio (reflecting gross loans) is represented in the following table.

**Composition of Loan Portfolio**

Loan Type	12/31/2022	
	\$(000s)	%
Secured by 1-4 Family dwellings	26,198	17.7
Multifamily	4,642	3.1
Construction and Development	7,990	5.4
Commercial & Industrial/ NonFarm NonResidential	82,682	55.8
Consumer Loans and Credit Cards	13,036	8.8
Agricultural Loans/ Farmland	7,114	4.8
All Other	6,432	4.3
<b>Total</b>	<b>148,094</b>	<b>100.0</b>

As indicated in the preceding table, LB is an active commercial/small business and residential mortgage lender. Small business loans (i.e. business purpose loans of \$1 million or less) are a subset of Commercial & Industrial/NonFarm NonResidential loans. The bank offers other loans, such as construction and development, consumer, and agricultural loans; however, the volume of such lending is relatively small in comparison to its residential mortgage and commercial lending.

In April 2020, the Small Business Administration (SBA) created the Paycheck Protection Program (PPP). This program was designed to allow workforces to remain employed and promote economic stability during the coronavirus (COVID-19) pandemic. While banks were not required to participate in the SBA’s PPP lending program, LB was a participant and originated 92 PPP loans totaling approximately \$8.5 million. LB’s origination of PPP loans is an example of the bank being responsive to area credit needs.

Based on branch locations and lending patterns, the bank delineates two assessment areas in southwestern Virginia and northeastern Tennessee. The following table reflects the composition of the bank’s two assessment areas.

Assessment Area Name	County/City	State	Census Tracts Included
Buchanan, VA NonMSA	Buchanan County	VA	All
	Dickenson County	VA	All
	Russell County	VA	All
	Tazewell County	VA	All
Kingsport-Bristol, TN-VA	Bristol City	VA	All
	Sullivan County	TN	All
	Washington County	VA	All

Since its previous evaluation, the bank has not closed or opened any branch offices.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

When evaluating the bank's performance, relevant area demographic data from 2015 American Community Survey (ACS) is used as a proxy for demand for residential mortgage loans, while Dun and Bradstreet (D&B) business demographic data from 2021 is used as a proxy for demand when evaluating the bank's small business performance. 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.

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

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

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

As previously noted, the bank was a participant in the SBA's PPP. Consistent with data collection and reporting requirements of the program, financial institutions were not required to collect or report borrower revenue information for PPP loans. Since PPP loans represent a significant portion of LB's small business lending in 2021, examiners evaluated the borrower distribution performance for small business lending using loan size as a proxy for loans with revenues not available. Borrower distribution performance conclusions in 2021 consider the institution's percentage of small business loans in amounts of \$100,000 or less, with a higher percentage of small dollar loans considered to be more responsive to the needs of smaller-sized businesses and represent a favorable penetration among businesses of different sizes.

To evaluate the borrower and geographic distribution for a specific loan product within an assessment area, primary emphasis is placed on the number (and corresponding percentage) of loans originated and purchased. To arrive at an overall assessment area level conclusion regarding the distribution of lending, performance for each loan product is then generally weighted by the strength of performance and the dollar volume of such loans made in the assessment area. Similarly, when the performance of multiple assessment areas is considered to reach the institution's rating, the overall level of performance from each assessment area is primarily weighted by loan dollar volume within each area during the review period.

Overall, the bank is rated "Satisfactory." This rating considers the bank's loan-to-deposit ratio, proportion of lending within its combined assessment areas, borrower distribution performance, and geographic distribution performance. The components of each test are discussed in the following sections. All conclusions also take into consideration relevant performance context factors.

### Loan-To-Deposit Ratio

The bank's loan-to-deposit ratio as of December 31, 2022, equaled 54.8% and averaged 57.7% for the 23-quarter period ending December 31, 2022. In comparison, the average quarterly loan-to-deposit ratios for five similarly situated banks that operate in one or more of LB's assessment areas ranged from 52.8% to 97.4% during the same 23-quarter period. Since June 30, 2017, assets have decreased by 2.9% and loans and deposits have increased by 7.7% and 1.4%, respectively. The bank's loan-to-deposit ratio is considered reasonable given the institution's size, financial condition, market conditions, and local credit needs.

## Lending In Assessment Areas

To determine the institution’s volume of lending within its assessment areas, the geographic location of the bank’s HMDA loans originated during calendar years 2020 and 2021, and small business loans originated during 2021, were considered. The lending distribution inside and outside of the bank’s assessment areas is represented in the following table.

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

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	30	76.9	3,360	47.9	9	23.1	3,655	52.1
Home Improvement	2	100.0	89	100.0	0	0.0	0	0.0
Refinancing	5	45.5	648	14.6	6	54.5	3,778	85.4
Multi-Family Housing	1	12.5	420	6.3	7	87.5	6,253	93.7
Other Purpose Closed/Exempt	6	100.0	1,076	100.0	0	0.0	0	0.0
<b>Total HMDA related</b>	<b>44</b>	<b>66.7</b>	<b>5,593</b>	<b>29.0</b>	<b>22</b>	<b>33.3</b>	<b>13,686</b>	<b>71.0</b>
Small Business	45	60.0	4,099	45.5	30	40.0	4,917	54.5
<b>TOTAL LOANS</b>	<b>89</b>	<b>63.1</b>	<b>9,692</b>	<b>34.3</b>	<b>52</b>	<b>36.9</b>	<b>18,603</b>	<b>65.7</b>

As indicated in the preceding table, a majority of the number of total HMDA (66.7%) and small business loans (60%) were extended to residents and businesses within the bank’s assessment areas. While the majority of loans analyzed were within the bank’s assessment areas, the dollar volume of loans within the assessment areas was less than a majority. This is due in part to the presence of a few larger dollar residential mortgage loans, in particular within the multi-family housing category, that were originated outside the bank’s assessment areas. Additionally, the bank participates in a national referral program for small business loans that originates loans in larger amounts than those that are typically originated within the bank’s assessment areas. Overall, the institution’s level of lending within its assessment areas is considered responsive to community credit needs.

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

LB’s lending to borrowers of different income levels and businesses of different sizes was reasonable in Virginia and poor in the Kingsport-Bristol, TN-VA multistate assessment area. Overall, the bank’s borrower distribution performance is considered reasonable, as greater weight is given to the bank’s performance in Virginia due to the significantly larger proportion of lending during the review period.

## Geographic Distribution of Loans

LB’s geographic distribution performance is considered excellent in Virginia, while its performance in the Kingsport-Bristol, TN-VA multistate assessment area is considered reasonable. Overall, the bank’s performance is considered excellent with greater weight afforded to performance in Virginia.

## 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.

## COMMONWEALTH OF VIRGINIA

### CRA RATING FOR VIRGINIA: Satisfactory.

Major factors supporting the rating include:

- Lending to borrowers of different incomes and businesses of different sizes is reasonable.
- The bank's geographic distribution of loans reflects an excellent dispersion throughout the Virginia assessment area.

### SCOPE OF EXAMINATION

The bank delineates one assessment area in the Commonwealth of Virginia. Consequently, the Buchanan, VA NonMSA assessment area was evaluated using the FFIEC's full-scope review procedures. Ratings for the Commonwealth of Virginia are based solely on the bank's performance in this assessment area. LB's HMDA data from 2020 and 2021, and its small business originations during 2021 were considered in the evaluation.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN VIRGINIA

The bank's assessment area is located in southwestern Virginia and includes all of Buchanan, Dickenson, Russell, and Tazewell Counties. LB operates five branch offices within the assessment area, and as of June 30, 2021, ranked 5<sup>th</sup> out of 14 institutions in local deposit market share with 10% of the area's FDIC insured deposits (excluding credit union deposits). According to 2021 aggregate loan data, the institution ranked 19<sup>th</sup> out of 150 institutions in reported HMDA volume with a 0.1% market share.

According to ACS data from 2015, the assessment area has a population of 111,064 and a median housing value of \$84,954. The owner-occupancy rate for the assessment area equals 64.5%, which is higher than the rates for the entire state (59.2%) and the nonmetropolitan areas of Virginia (57.8%). Within the assessment area, 16.5% of families are considered below the poverty level, which exceeds the rate for the entire state (8.2%) and the nonmetropolitan areas of Virginia (13.3%). The HUD estimated median family income for the nonmetropolitan areas of Virginia during 2020 and 2021 equaled \$58,100 and \$58,900, respectively. The following table includes pertinent demographic data for the assessment area.

**Assessment Area Demographics**

<b>Buchanan, VA NonMSA</b> <i>(Based on 2015 ACS Data and 2021 D&amp;B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	7,804	25.7
Moderate	10	34.5	11,928	39.3	2,683	22.5	6,051	19.9
Middle	17	58.6	16,031	52.8	2,159	13.5	5,671	18.7
Upper	2	6.9	2,427	7.9	162	6.7	10,860	35.7
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>29</b>	<b>100.0</b>	<b>30,386</b>	<b>100.0</b>	<b>5,004</b>	<b>16.5</b>	<b>30,386</b>	<b>100.0</b>
	<b>Owner Occupied Units by Tract</b>		<b>Hous eholds</b>					
			<b>HHs by Tract</b>		<b>HHs &lt; Poverty by Tract</b>		<b>HHs by HH Income</b>	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	13,567	30.5
Moderate	13,914	40.6	17,643	39.6	4,717	26.7	7,659	17.2
Middle	17,816	51.9	23,325	52.4	4,221	18.1	7,194	16.2
Upper	2,576	7.5	3,556	8.0	624	17.5	16,104	36.1
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>34,306</b>	<b>100.0</b>	<b>44,524</b>	<b>100.0</b>	<b>9,562</b>	<b>21.5</b>	<b>44,524</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	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	853	29.0	752	28.8	88	32.7	13	22.8
Middle	1,657	56.4	1,474	56.5	146	54.3	37	64.9
Upper	427	14.6	385	14.7	35	13.0	7	12.3
NA	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>2,937</b>	<b>100.0</b>	<b>2,611</b>	<b>100.0</b>	<b>269</b>	<b>100.0</b>	<b>57</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				88.9		9.2		1.9

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

According to data published by the FFIEC in 2020, all ten middle-income census tracts within Buchanan, Dickenson, and Russell Counties were designated as being distressed. FFIEC data from 2021 indicated that all 17 middle-income census tracts in the assessment area were distressed. Additionally, the three middle-income census tracts in Buchanan County were also designated as underserved in 2020 and 2021. Underserved census tracts are typically located in rural communities which lack certain community services/infrastructure and are also distant from more urban population centers. Distressed census tracts experience high poverty, unemployment and population loss.

The assessment area is supported by a mix of private and public employment sectors. Health services, mining, manufacturing, education, and retail, along with local and state government jobs drive the local economy. Major employers include Paramount Coal Company, Walmart, Clinch Valley Community Hospital, local colleges, correctional facilities, and local governments including the area school systems. The following table states the average annual unemployment rates for each county of the assessment area, the nonmetropolitan areas of Virginia, and the entire Commonwealth from 2017-2021.

<b>Buchanan, VA NonMSA - Average Annual Unemployment Rates</b>					
<b>Area</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Buchanan County, VA	7.00%	5.40%	5.49%	9.44%	6.74%
Dickenson County, VA	6.72%	5.08%	4.91%	7.90%	5.32%
Russell County, VA	5.15%	4.22%	4.13%	6.61%	4.32%
Tazewell County, VA	5.59%	4.36%	4.30%	7.62%	5.24%
NonMSA Virginia	4.61%	3.73%	3.53%	6.72%	4.41%
Virginia	3.67%	2.95%	2.76%	6.20%	3.91%

*Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics*

While area unemployment rates have declined significantly since the sharp increase in 2020 caused in large part by the COVID-19 pandemic, unemployment rates in all counties within the assessment area are higher than the rates for the nonmetropolitan areas of Virginia and the entire Commonwealth.

An official from a local economic development authority was recently contacted to discuss the local economic conditions and community credit needs. The contact stated that although the area was impacted during the pandemic, the community has rebounded and is improving. New business opportunities have emerged, and unemployment rates have declined as local businesses are expanding their workforces. The contact indicated that while area financial institutions continue to support the banking needs of the local community, opportunities remain especially with regards to financial education programs for first time homebuyers and foreclosure prevention.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

During 2021, the bank reported originating \$1.5 million in HMDA loans and \$4 million in small business loans within this assessment area. As such, the bank’s small business lending was given greater weight when determining overall lending distribution performance.

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

The bank’s borrower distribution performance is considered reasonable for both HMDA and small business lending.

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

<b>Buchanan, VA NonMSA (2021)</b>								
<b>Income Categories</b>	<b>Bank</b>				<b>Aggregate</b>			
	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>% \$</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>% \$</b>
<b>HMDA Totals</b>								
Low	0	0.0	0	0.0	108	8.1	9,463	5.1
Moderate	3	20.0	135	9.2	341	25.4	35,014	18.9
Middle	4	26.7	249	17.0	370	27.6	46,153	24.9
Upper	8	53.3	1,082	73.8	521	38.9	94,654	51.1
<b>Total</b>	<b>15</b>	<b>100.0</b>	<b>1,466</b>	<b>100.0</b>	<b>1,340</b>	<b>100.0</b>	<b>185,284</b>	<b>100.0</b>
Unknown	1		67		308		48,834	

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

During 2021, the bank did not originate any residential mortgage loans to low-income borrowers (0%), lagging the percentage of low-income families in the assessment area (25.7%) and the aggregate level of lending to such borrowers (8.1%). LB’s lending to moderate-income borrowers (20%) approximated the percentage of moderate-income families in the assessment area (19.9%) but slightly lagged the aggregate level of lending to such borrowers (25.4%). The bank’s borrower distribution performance in 2021 is considered poor overall.

In 2020, LB originated 13 HMDA loans totaling \$891,000 for which borrower incomes were known. Of these, three loans (23.1%) totaling \$119,000 were reported to low-income borrowers, and zero loans were reported to moderate-income borrowers. The bank’s lending to low-income borrowers approximated the percentage of area low-income families (25.7%) and significantly exceeded the aggregate lending level (8.6%). The bank’s lending to moderate-income borrowers (0%) lagged the percentage of area moderate-income families (19.9%) and the aggregate lending level (22.8%). On a combined basis, the bank’s performance is reasonable due in large part to the bank’s level of lending to low-income borrowers.

Overall, given the relative performance levels each year, the bank’s HMDA borrower distribution performance is considered reasonable.

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

Buchanan, VA NonMSA (2021)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	12	27.9	672	16.9	596	41.3	19,202	32.4
Over \$1 Million	7	16.3	954	24.0	NA	NA	NA	NA
Unknown	24	55.8	2,347	59.1	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	32	74.4	1,361	34.3	1,298	90.0	21,715	36.6
\$100,001-\$250,000	5	11.6	727	18.3	93	6.4	14,906	25.1
\$250,001-\$1 Million	6	14.0	1,884	47.4	52	3.6	22,701	38.3
<b>Total</b>	<b>43</b>	<b>100.0</b>	<b>3,972</b>	<b>100.0</b>	<b>1,443</b>	<b>100.0</b>	<b>59,322</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 2021 indicates that 88.9% of all local businesses have revenues that do not exceed \$1 million per year. Of the small business loans considered in the evaluation, 27.9% were made to businesses with revenues of \$1 million or less. The percentage of LB’s small business loans extended to businesses with revenues of \$1 million or less was impacted by a large volume of loans for which borrower revenue was unknown (55.8% of all loans). As previously noted, the bank was an active PPP lender during 2021, and the PPP loan program did not require the collection or consideration of borrower revenue data. Consequently, large volumes of small business loans were originated during 2021 for which borrower revenue is unknown. However, when considering only loans where borrower revenues were known, a majority of the bank’s small business loans were made to businesses with annual revenues of \$1 million or less (63.2%).

Although the bank does not collect or report its small business loan data, aggregate small business data was also considered as an element of performance context in evaluating the bank’s distribution by business revenue. During 2021, 41.3% of all reported small business loans in the assessment area were made to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. The 2021 aggregate small business loan data also includes an unknown volume of PPP loans, which limits its usefulness as a proxy when evaluating the bank’s performance.

Because smaller dollar loans can demonstrate a willingness to provide credit to small businesses, the bank’s distribution by loan size was also considered. Overall, the bank originated 74.4% of its small business loans in amounts of \$100,000 or less which was less than the aggregate reporter level of such lending (90%). As an element of performance context, the bank’s PPP small business loans without borrower revenue data were also evaluated by loan size within this assessment area. The following table reflects this distribution.

**Distribution of PPP Small Business Loans with Unknowns Revenue by Loan Size**

<b>Buchanan, VA NonMSA (2021)</b>				
<b>Loan Size</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
\$100,000 or less	18	75%	\$719	30.7%
> \$100,000 to \$250,000	2	8.3%	\$313	13.3%
> \$250,000 to \$1,000,000	4	16.7%	\$1,314	56%
<b>Total</b>	<b>24</b>	<b>100%</b>	<b>\$2,346</b>	<b>100%</b>

Within the assessment area, a majority (75%) of PPP small business loans for which borrower revenue was not known had loan amounts of \$100,000 or less, indicating that the bank is helping to serve the needs of small businesses in the assessment area.

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

**Geographic Distribution of Loans**

The bank’s assessment area does not contain any low-income census tracts and contains ten moderate-income census tracts. LB’s geographic distribution performance is considered excellent for both HMDA and small business lending within the assessment area.

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

Buchanan, VA NonMSA (2021)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(12) Home Purchase				(954)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	6	50.0	286	30.1	277	29.0	34,003	25.3
Middle	6	50.0	664	69.9	511	53.6	70,230	52.2
Upper	0	0.0	0	0.0	166	17.4	30,184	22.5
	(3) Refinance				(648)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	33.3	62	11.4	155	23.9	21,207	22.7
Middle	2	66.7	481	88.6	375	57.9	50,458	54.1
Upper	0	0.0	0	0.0	118	18.2	21,666	23.2
	(1) Home Improvement				(31)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	100.0	40	100.0	11	35.5	730	35.8
Middle	0	0.0	0	0.0	16	51.6	974	47.8
Upper	0	0.0	0	0.0	4	12.9	334	16.4
	(0) Multi-Family				(11)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	2	18.2	477	13.2
Middle	0	0.0	0	0.0	7	63.6	1,851	51.3
Upper	0	0.0	0	0.0	2	18.2	1,280	35.5
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	8	50.0	388	25.3	445	27.1	56,417	24.2
Middle	8	50.0	1,145	74.7	909	55.3	123,513	52.9
Upper	0	0.0	0	0.0	290	17.6	53,464	22.9
NA*	NA	NA	NA	NA	NA	NA	NA	NA
<b>Total</b>	<b>16</b>	<b>100.0</b>	<b>1,533</b>	<b>100.0</b>	<b>1,644</b>	<b>100.0</b>	<b>233,394</b>	<b>100.0</b>

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

During 2021, home purchase and refinance loans were extended most frequently by the bank and aggregate lenders in the assessment area. Within the assessment area, 40.6% of owner-occupied housing units and 33.3% of multifamily housing units are located in the moderate-income census tracts. Considering both demographic and aggregate proxies for demand, the bank's performance for home purchase and refinance lending is considered excellent. Home improvement loan performance is also considered excellent, and no multi-family loans were originated by the bank.

Overall, the bank's level of lending in moderate-income census tracts (50%) exceeded the percentage of owner-occupied housing units (40.6%) and the aggregate lending level in such tracts (27.1%). During 2021, the bank's HMDA geographic distribution performance is considered excellent, and its performance during 2020 was substantially similar.

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

Buchanan, VA NonMSA (2021)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	22	51.2	2,095	52.7	417	29.7	15,562	26.4
Middle	21	48.8	1,877	47.3	808	57.5	34,919	59.1
Upper	0	0.0	0	0.0	181	12.8	8,561	14.5
NA*	NA	NA	NA	NA	NA	NA	NA	NA
<b>Total</b>	<b>43</b>	<b>100.0</b>	<b>3,972</b>	<b>100.0</b>	<b>1,406</b>	<b>100.0</b>	<b>59,042</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 small business lending in moderate-income census tracts (51.2%) significantly exceeded the percentage of area businesses located in moderate-income tracts (29%) and the aggregate lending level in such tracts (29.7%). The bank's small business geographic distribution performance is considered excellent.

## MULTISTATE METROPOLITAN AREA

### CRA RATING FOR KINGSPORT-BRISTOL, TN-VA: Satisfactory.

Major factors supporting the rating include:

- LB's borrower distribution performance is considered very poor for HMDA lending and reasonable for small business lending within the assessment area. Overall, performance is considered poor.
- The bank's geographic distribution of loans is considered reasonable for HMDA lending and very poor for small business lending. Performance is considered reasonable overall.

### SCOPE OF EXAMINATION

The Kingsport-Bristol, TN-VA multistate metropolitan assessment area was evaluated using the FFIEC's full-scope review procedures. LB's HMDA loan originations from 2020 and 2021, and small business loans made during 2021, were considered in the evaluation.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN KINGSPORT-BRISTOL, TN-VA

The assessment area is located in southwestern Virginia and northeastern Tennessee and includes all of Bristol City and Washington County, Virginia, and Sullivan County, Tennessee. The bank operates one branch office in this assessment area, and as of June 30, 2021, ranked 18<sup>th</sup> out of 20 institutions in local deposit market share with 0.5% of the area's insured deposits (excluding credit union deposits). According to 2021 HMDA aggregate data, the bank ranked 65<sup>th</sup> out of 323 institutions in reported residential mortgage lending with a <0.1% market share.

According to 2015 ACS data, the assessment area has a population of 229,035 and a median housing value of \$125,231. The owner-occupancy rate of the assessment area equals 64.8%, which is comparable to the rate for the entire MSA (64.5%) and exceeds the overall rates for the Commonwealth of Virginia (59.2%) and the State of Tennessee (58.6%). Within the assessment area, 12.5% of families are below the poverty level, which exceeds the rate for the Commonwealth of Virginia (8.2%), but is less than the rates for the entire MSA (13.3%) and the State of Tennessee (13.2%). The median family income for the Kingsport-Bristol, VA MSA equaled \$59,100 during 2020 and \$59,600 during 2021. The following table includes pertinent demographic data for the assessment area.

**Assessment Area Demographics**

<b>Kingsport-Bristol, TN-VA</b> <i>(Based on 2015 ACS Data and 2021 D&amp;B Information)</i>								
<b>Income Categories*</b>	<b>Tract Distribution</b>		<b>Families by Tract</b>		<b>Families &lt; Poverty as a % of Families by Tract</b>		<b>Families by Family Income</b>	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	12,681	19.8
Moderate	12	21.4	12,103	18.9	3,191	26.4	11,810	18.4
Middle	29	51.8	34,134	53.3	3,793	11.1	12,519	19.6
Upper	15	26.8	17,778	27.8	991	5.6	27,005	42.2
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>56</b>	<b>100.0</b>	<b>64,015</b>	<b>100.0</b>	<b>7,975</b>	<b>12.5</b>	<b>64,015</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	0	0.0	0	0.0	0	0.0	22,190	22.9
Moderate	11,940	17.0	21,098	21.8	6,016	28.5	15,824	16.3
Middle	38,243	54.3	50,541	52.2	7,565	15.0	16,711	17.3
Upper	20,203	28.7	25,173	26.0	2,342	9.3	42,087	43.5
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>70,386</b>	<b>100.0</b>	<b>96,812</b>	<b>100.0</b>	<b>15,923</b>	<b>16.4</b>	<b>96,812</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	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	2,242	24.8	2,012	24.3	207	29.8	23	29.9
Middle	4,510	49.8	4,146	50.0	325	46.8	39	50.6
Upper	2,304	25.4	2,127	25.7	162	23.4	15	19.5
NA	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>9,056</b>	<b>100.0</b>	<b>8,285</b>	<b>100.0</b>	<b>694</b>	<b>100.0</b>	<b>77</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				91.5		7.7		0.8

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

The assessment area has a variety of employment sectors including local government, healthcare, education, and retail establishments. Major employers in the area include Electro Mechanical Corporation, Food City (corporate headquarters and retail space), Walmart, Mountain States Health, and local governments including area school systems. The following table states the average annual unemployment rates for each county of the assessment area, the entire Kingsport-Bristol, TN-VA MSA, the State of Tennessee, and the Commonwealth of Virginia from 2017-2021.

Kingsport-Bristol, VA - Average Annual Unemployment Rates					
Area	2017	2018	2019	2020	2021
Sullivan County, TN	4.04%	3.68%	3.70%	7.06%	4.22%
Washington County, VA	4.07%	3.35%	3.31%	5.78%	3.57%
Bristol city, VA	4.46%	3.73%	3.71%	7.54%	4.74%
Kingsport-Bristol, TN-VA MSA	4.11%	3.64%	3.66%	6.83%	4.12%
Tennessee	3.74%	3.49%	3.40%	7.38%	4.29%
Virginia	3.67%	2.95%	2.76%	6.20%	3.91%

*Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics*

Area unemployment rates have declined significantly since the sharp increase during 2020 caused in large part by the COVID-19 pandemic. Local unemployment rates are relatively consistent with the MSA and statewide rates.

A local affordable housing official was recently contacted to discuss the housing conditions and community credit needs. The contact noted that resources for first time homebuyers are always in demand and welcomed local financial institutions to partner with nonprofit organizations to increase opportunities for homeownership for first-time homebuyers and low-and moderate- income families. The contact indicated that local financial institutions are reasonably meeting community credit needs.

#### CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The bank reported originating \$374,000 in HMDA loans during 2021, while small business lending totaled \$126,000 during the same time period. As such, the bank’s HMDA lending performance is generally given greater weight when determining the overall borrower and geographic distribution performance for this assessment area.

#### Lending to Borrowers of Different Incomes and to Business of Different Sizes

Within this assessment area, the bank’s borrower distribution performance is considered very poor for HMDA lending and reasonable for small business lending. Overall, LB’s borrower distribution performance is considered poor.

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

Kingsport-Bristol, TN-VA (2021)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
<b>HMDA Totals</b>								
Low	0	0.0	0	0.0	574	7.9	50,563	3.8
Moderate	0	0.0	0	0.0	1,466	20.2	181,235	13.7
Middle	0	0.0	0	0.0	1,821	25.1	286,450	21.7
Upper	2	100.0	374	100.0	3,400	46.8	803,473	60.8
<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>374</b>	<b>100.0</b>	<b>7,261</b>	<b>100.0</b>	<b>1,321,721</b>	<b>100.0</b>
Unknown	0		0		1,389		302,686	

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

During 2021, LB did not originate any HMDA loans to low-income borrowers, lagging the percentage of low-income families within the assessment area (19.8%) and the percentage of aggregate lending to such borrowers (7.9%). The bank also did not originate any loans to moderate-income borrowers, lagging the percentage of moderate-income families within the assessment area (18.4%) and the percentage of aggregate lending to such borrowers (20.2%). Accordingly, the bank’s HMDA borrower distribution performance is considered very poor during 2021, and its performance during 2020 was substantially similar.

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

Kingsport-Bristol, TN-VA (2021)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	1	50.0	100	79.4	1,915	42.6	73,961	35.3
Over \$1 Million	0	0.0	0	0.0	NA	NA	NA	NA
Unknown	1	50.0	26	20.6	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	1	50.0	26	20.6	4,026	89.6	66,766	31.8
\$100,001-\$250,000	1	50.0	100	79.4	266	5.9	42,709	20.4
\$250,001-\$1 Million	0	0.0	0	0.0	199	4.5	100,312	47.8
<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>126</b>	<b>100.0</b>	<b>4,491</b>	<b>100.0</b>	<b>209,787</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 2021 indicates that 91.5% of all local businesses have revenues of \$1 million or less per year. The percentage of the bank’s small business loans extended to businesses with revenues of \$1 million or less was impacted by a large volume of loans for which borrower revenue was unknown (50% of all loans). As previously noted, the bank was an active PPP lender during 2021, and the PPP loan program did not require the collection or consideration of borrower revenue data. Consequently, small business loans were originated during 2021 for which borrower revenue is unknown. However, the bank’s only small business loan with known borrower revenue extended in this assessment area during 2021 was made to a business with annual revenue of \$1 million or less (100%).

Although the bank does not collect or report its small business loan data, aggregate small business data was also considered as an element of performance context in evaluating the bank’s distribution by business revenue. During 2021, 42.6% of all reported small business loans were made to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. The 2021 aggregate small business loan data also includes an unknown volume of PPP loans, which limits its usefulness as a proxy when evaluating the bank’s performance.

Because smaller dollar loans can demonstrate a willingness to provide credit to small businesses, the bank’s distribution by loan size was also considered. Overall, the bank originated 50% of its small business loans in amounts of \$100,000 or less, which was less than the aggregate reporter level of such lending (89.6%). As an element of performance context, the bank’s PPP small business loans without borrower revenue data were also evaluated by loan size within this assessment area. The following table reflects this distribution.

**Distribution of PPP Small Business Loans with Unknowns Revenue by Loan Size**

Kingsport-Bristol, TN-VA NonMSA (2021)				
Loan Size	#	%	\$(000s)	%
\$100,000 or less	1	100%	26	100%
> \$100,000 to \$250,000	0	0%	0	0%
> \$250,000 to \$1,000,000	0	0%	0	0%
<b>Total</b>	<b>1</b>	<b>100%</b>	<b>\$26</b>	<b>100%</b>

Within the assessment area, all (100%) PPP small business loans for which borrower revenue was not known had loan amounts of \$100,000 or less, indicating that the bank is helping to serve the needs of small businesses in the assessment area. Overall, the bank’s borrower distribution performance for small business lending is considered reasonable.

## Geographic Distribution of Loans

Within this assessment area, there are no low-income census tracts and 12 moderate-income census tracts. LB's geographic distribution performance is considered reasonable overall for HMDA lending and very poor for small business lending within the assessment area. Overall, performance is considered reasonable with greater weight given to the bank's HMDA performance due to the greater loan volume.

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

Kingsport-Bristol, TN-VA (2021)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
	(2)				(4,247)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	852	20.1	123,297	14.8
Middle	1	50.0	79	21.1	2,002	47.1	379,728	45.5
Upper	1	50.0	295	78.9	1,393	32.8	331,290	39.7
	(0)				(3,994)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	542	13.6	68,663	9.7
Middle	0	0.0	0	0.0	1,965	49.2	338,088	47.6
Upper	0	0.0	0	0.0	1,487	37.2	303,143	42.7
	(0)				(359)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	58	16.2	3,392	14.1
Middle	0	0.0	0	0.0	155	43.2	9,778	40.8
Upper	0	0.0	0	0.0	146	40.6	10,806	45.1
	(0)				(50)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	16	32.0	21,281	37.9
Middle	0	0.0	0	0.0	23	46.0	26,656	47.4
Upper	0	0.0	0	0.0	11	22.0	8,285	14.7
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	1,468	17.0	216,633	13.3
Middle	1	50.0	79	21.1	4,145	47.9	754,250	46.4
Upper	1	50.0	295	78.9	3,037	35.1	653,524	40.3
NA*	NA	NA	NA	NA	NA	NA	NA	NA
<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>374</b>	<b>100.0</b>	<b>8,650</b>	<b>100.0</b>	<b>1,624,407</b>	<b>100.0</b>

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

During 2021, home purchase loans were extended most frequently by the bank, and home purchase and refinance loans were extended most frequently by aggregate lenders in the assessment area. Within the assessment area, 17% of owner-occupied housing units and 40.3% of multifamily housing units are located in the moderate-income census tracts. Considering both demographic and aggregate proxies for demand, the bank's performance for home purchase lending is considered poor. The bank did not extend any refinance, home improvement, or multi-family loans within the assessment area during 2021; therefore, performance for these loan categories was not evaluated.

Overall, the bank's level of lending in moderate-income census tracts (0%) lagged the percentage of owner-occupied housing units located in moderate-income tracts (17%) and the aggregate level of lending in such tracts (17%). Overall, the bank's HMDA geographic distribution performance in 2021 is considered very poor.

During 2020, LB originated five loans totaling \$819,000 within the assessment area. Of these loans, one (20%) equaling \$420,000 was originated within a moderate-income census tract, exceeding the percentage of owner-occupied housing units (17%) in such tracts and the aggregate lending level (16.1%). As such, performance in 2020 is considered excellent.

On a combined basis, the bank’s HMDA geographic distribution performance during 2020 and 2021 is considered reasonable.

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

Kingsport-Bristol, TN-VA (2021)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	877	19.6	46,809	22.3
Middle	1	50.0	100	79.4	2,298	51.5	109,558	52.3
Upper	1	50.0	26	20.6	1,290	28.9	53,265	25.4
NA*	NA	NA	NA	NA	NA	NA	NA	NA
<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>126</b>	<b>100.0</b>	<b>4,465</b>	<b>100.0</b>	<b>209,632</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 small business lending in moderate-income census tracts (0%) lagged the percentage of businesses located in such tracts (24.8%) and the aggregate lending level (19.6%). While based on small loan volume, LB’s small business geographic distribution performance is considered very poor.

**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>1</sup></b>
Buchanan, VA NonMSA	Full-scope	None
Kingsport-Bristol, TN-VA	Full-scope	None

<sup>1</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>Overall State Rating</b>
Virginia	Satisfactory
Kingsport-Bristol, TN- VA	Satisfactory

**CRA APPENDIX C**

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

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

Assessment Area	Loan Volume				Branches		Deposit Volume as of (6/30/2021)	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Buchanan, VA NonMSA	80	89.9%	\$8,373	86.4%	5	83.3%	\$249,113	93%
Kingsport-Bristol, TN-VA	9	10.1%	\$1,320	13.6%	1	16.7%	\$18,682	7%
<b>TOTAL</b>	89	100%	\$9,693	100%	6	100%	\$267,795	100%

**CRA APPENDIX D**  
**FULL-SCOPE REVIEW TABLES**

**Buchanan, VA NonMSA**

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

Buchanan, VA NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	<b>HMDA Totals</b>							
Low	3	23.1	119	13.4	109	8.6	7,869	4.8
Moderate	0	0.0	0	0.0	289	22.8	28,006	17.1
Middle	4	30.8	144	16.2	338	26.6	39,397	24.0
Upper	6	46.1	628	70.4	534	42.0	88,959	54.1
<b>Total</b>	<b>13</b>	<b>100.0</b>	<b>891</b>	<b>100.0</b>	<b>1,270</b>	<b>100.0</b>	<b>164,231</b>	<b>100.0</b>
Unknown	2		900		255		37,822	

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

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

Buchanan, VA NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	<b>Home Purchase (772)</b>							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	6	50.0	472	28.8	232	30.5	25,017	26.4
Middle	6	50.0	1,165	71.2	416	54.7	54,496	57.4
Upper	0	0.0	0	0.0	112	14.8	15,353	16.2
	<b>Refinance (641)</b>							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	2	100.0	105	100.0	189	29.5	23,817	25.7
Middle	0	0.0	0	0.0	358	55.9	52,136	56.3
Upper	0	0.0	0	0.0	94	14.6	16,644	18.0
	<b>Home Improvement (47)</b>							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	19	40.4	777	34.1
Middle	1	100.0	49	100.0	24	51.1	1,258	55.2
Upper	0	0.0	0	0.0	4	8.5	245	10.7
	<b>Multi-Family (7)</b>							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	4	57.1	1,060	36.6
Middle	0	0.0	0	0.0	3	42.9	1,837	63.4
Upper	0	0.0	0	0.0	0	0.0	0	0.0
	<b>HMDA Totals</b>							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	8	53.3	577	32.2	444	30.5	50,671	26.3
Middle	7	46.7	1,214	67.8	801	55.1	109,727	57.0
Upper	0	0.0	0	0.0	210	14.4	32,242	16.7
NA*	NA	NA	NA	NA	NA	NA	NA	NA
<b>Total</b>	<b>15</b>	<b>100.0</b>	<b>1,791</b>	<b>100.0</b>	<b>1,455</b>	<b>100.0</b>	<b>192,640</b>	<b>100.0</b>

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

**Kingsport-Bristol, TN-VA**

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

Kingsport-Bristol, TN-VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
<b>HMDA Totals</b>								
Low	0	0.0	0	0.0	470	6.9	38,691	3.3
Moderate	0	0.0	0	0.0	1,343	19.8	153,934	13.2
Middle	2	50.0	104	26.1	1,682	24.9	245,065	21.0
Upper	2	50.0	295	73.9	3,271	48.4	730,236	62.5
<b>Total</b>	<b>4</b>	<b>100.0</b>	<b>399</b>	<b>100.0</b>	<b>6,766</b>	<b>100.0</b>	<b>1,167,926</b>	<b>100.0</b>
Unknown	1		420		1,171		306,853	

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

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

Kingsport-Bristol, TN-VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
<b>(4) Home Purchase (3,939)</b>								
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	770	19.5	96,136	13.8
Middle	2	50.0	104	26.1	1,865	47.3	318,761	45.6
Upper	2	50.0	295	73.9	1,304	33.2	283,549	40.6
<b>(0) Refinance (3,651)</b>								
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	426	11.7	54,398	8.3
Middle	0	0.0	0	0.0	1,747	47.8	300,582	45.9
Upper	0	0.0	0	0.0	1,478	40.5	300,057	45.8
<b>(0) Home Improvement (307)</b>								
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	65	21.2	4,371	19.2
Middle	0	0.0	0	0.0	143	46.6	10,046	44.2
Upper	0	0.0	0	0.0	99	32.2	8,323	36.6
<b>(1) Multi-Family (40)</b>								
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	100.0	420	100.0	15	37.5	48,005	48.7
Middle	0	0.0	0	0.0	14	35.0	44,869	45.5
Upper	0	0.0	0	0.0	11	27.5	5,682	5.8
<b>HMDA Totals</b>								
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	20.0	420	51.3	1,276	16.1	202,910	13.8
Middle	2	40.0	104	12.7	3,769	47.5	674,258	45.7
Upper	2	40.0	295	36.0	2,892	36.4	597,611	40.5
NA*	NA	NA	NA	NA	NA	NA	NA	NA
<b>Total</b>	<b>5</b>	<b>100.0</b>	<b>819</b>	<b>100.0</b>	<b>7,937</b>	<b>100.0</b>	<b>1,474,779</b>	<b>100.0</b>

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

## CRA APPENDIX E

### GLOSSARY

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

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

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

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

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

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

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

**Full-scope review:** Performance under the Lending Test (and if applicable, consideration of investments and services) is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-scope review:** Performance under the Lending Test (and if applicable, consideration of investments and services) is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**Middle-income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.