



PUBLIC DISCLOSURE

January 31, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

TruPoint 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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274829

P.O. Box 1010

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: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable given its capacity and demand for credit within the assessment areas.
- A majority of the institution's Home Mortgage Disclosure Act (HMDA) and small business loans considered in the evaluation were originated within the bank's assessment areas.
- The bank's borrower distribution performance (lending to low- and moderate-income borrowers and small businesses having annual revenues of \$1 million or less) is considered reasonable overall.
- While the bank's geographic distribution performance (lending in low- and moderate-income census tracts) varies by assessment area, it is considered excellent overall.
- There have been no complaints regarding the bank's Community Reinvestment Act (CRA) performance since the previous CRA evaluation.
- The bank's responsiveness to the community development needs of its assessment areas through qualified loans, investments, and services is considered adequate.

SCOPE OF EXAMINATION

TruPoint Bank (TB) was evaluated using the interagency examination procedures for intermediate small institutions developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures, all reported HMDA loans from 2018, 2019, and 2020 were reviewed. Additionally, small business lending was considered a primary product line of the institution, and as such, all small business loans originated or purchased during calendar years 2019 and 2020 were fully analyzed and considered in the evaluation.

Qualified community development loans and services were considered since the previous evaluation (October 15, 2018). All qualified investments made during the same period and those outstanding as of the date of this evaluation, regardless of when made, were also considered.

To help determine the availability of community development opportunities in the full-scope assessment areas, the CRA public evaluations of other financial institutions operating in the assessment areas were reviewed. Additionally, community officials were contacted to discern information about local economic conditions and credit needs, performance of the banks in the assessment areas, and potential community development opportunities.

TB is an interstate bank that serves three assessment areas located within the Commonwealth of Virginia, State of North Carolina, and Tennessee. Based upon branch locations, relative market size as determined by loan activity, proportion of bank deposits, and market population, full-scope procedures were applied to all three of the bank's assessment areas:

- Johnson City-Kingsport-Bristol, TN-VA CSA
- Buchanan, VA NonMSA
- Asheville, NC

Appendix C contains the loan, branch, and deposit distributions by assessment area that were considered for the scope of the evaluation.

An overall rating and ratings for the Lending and Community Development Tests are assigned to the institution, the multistate assessment area (as the institution has branches in the Virginia and Tennessee portions of the CSA), the Commonwealth of Virginia, and the State of North Carolina. The Virginia rating is based solely upon the performance in the Buchanan, VA NonMSA assessment area, while the North Carolina rating is based solely upon the performance in the Asheville, NC assessment area.

DESCRIPTION OF INSTITUTION

TB is headquartered in Grundy, Virginia and operates 12 branches across its three assessment areas. The bank is a wholly owned subsidiary of Miners and Merchants Bancorp, a single-bank holding company, also headquartered in Grundy, Virginia. TB received a Satisfactory rating at its prior CRA evaluation dated October 15, 2018. No known legal impediment exists that would prevent the bank from meeting the credit needs of its assessment areas.

As of December 31, 2021, TB held \$552 million in assets, of which 58.3% were loans and 31.1% were securities. As of the same date, deposits totaled \$474 million. Various deposit and loan products are available through the institution, including loans for residential mortgage, consumer, and small business purposes. The composition of the loan portfolio using gross loans as of December 31, 2021, is represented in the following table.

Composition of Loan Portfolio

Loan Type	12/31/2021	
	\$(000s)	%
Secured by 1-4 Family dwellings	58,088	17.8
Multifamily	20,374	6.3
Construction and Development	8,226	2.5
Commercial & Industrial/ NonFarm NonResidential	220,829	67.8
Consumer Loans and Credit Cards	18,316	5.6
Agricultural Loans/ Farmland	0	0.0
All Other	0	0.0
Total	325,833	100.0

As indicated in the preceding table, TP is an active commercial/small business and residential mortgage lender with other loan products comprising a nominal amount. As such, the volume of small business loans and reported HMDA loans led to their consideration in the evaluation.

As previously mentioned, TP serves three assessment areas, including one multistate assessment area that includes localities in both the Commonwealth of Virginia and State of Tennessee. The second assessment area is located in southwestern Virginia and the third assessment area is located in the western part of North Carolina. Since the previous evaluation, the bank has closed one loan production office located in Winston-Salem, North Carolina and one branch located in its Buchanan, VA NonMSA assessment area. The closures did not result in any changes to the bank’s existing assessment area delineations. The composition of TB’s assessment areas is included in **Appendix D** and recent branching activity is included in **Appendix E**.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

Reported residential mortgage data from calendar years 2018, 2019, and 2020 as well as small business originations from calendar years 2019 and 2020 were considered in this evaluation. While American Community Survey (ACS) data is collected and published by the U.S. Census Bureau on an annual basis, the demographic data relied upon in this performance evaluation is based on ACS data that is updated once every five years. As such, when evaluating the bank's performance, relevant area demographic data from the 2015 ACS and Dun and Bradstreet (D&B) business data from 2019 and 2020 was used.

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

Within TB'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 distribution of small business lending.

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

To evaluate the geographic and borrower distribution for a specific loan category within an assessment area, primary emphasis is placed on the number (and corresponding percentage) of loans originated. To arrive at an overall conclusion regarding the distribution of lending, performance in each loan category is then generally weighted by dollar volume of such loans made in the assessment area. During 2018, 2019, and 2020 the bank originated \$45.4 million in HMDA and \$25.6 million in small business loans (2019 and 2020 only).

While HMDA loan data from calendar years 2018, 2019, and 2020 and small business data from calendar years 2019 and 2020 were fully analyzed and considered in the evaluation, only bank and aggregate data from 2020 are presented in the assessment area tables for HMDA and small business lending. In instances where the 2018 and 2019 HMDA or 2019 small business performance varies significantly from the performance noted during 2020, such variances and the corresponding impact on the overall performance are discussed.

Loan-To-Deposit Ratio

The bank's loan-to-deposit ratio, as of December 31, 2021, equaled 67.87 % and averaged 73.8% for the preceding 13-quarter period. In comparison, the quarterly average loan-to-deposit ratios for peer banks operating in similar areas as TB ranged from 68.3% to 75.7% during the same 13-quarter period. Since the previous evaluation, TB's assets, nets loans, and deposits have increased by 26.87%, 24.54%, and 23.19%, respectively. From a CRA perspective, the bank's loan-to-deposit ratio is considered reasonable given the institution's size, financial condition, and local credit needs.

Lending In Assessment Area

To determine the institution's volume of lending within its assessment areas, the geographic location of the bank's 2018, 2019, and 2020 HMDA loans, as well as 2019 and 2020 small business loans, 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	112	87.5	14,310	89.3	16	12.5	1,713	10.7
Home Improvement	22	95.7	935	96.7	1	4.3	32	3.3
Refinancing	101	90.2	13,101	92.2	11	9.8	1,113	7.8
Multi-Family Housing	26	66.7	17,039	79.7	13	33.3	4,353	20.3
Other Purpose Closed/Exempt	25	100.0	1,377	100.0	0	0.0	0	0.0
Total HMDA related	286	87.5	46,762	86.6	41	12.5	7,211	13.4
Small Business	155	75.2	25,611	68.6	51	24.8	11,736	31.4
TOTAL LOANS	441	82.7	72,373	79.3	92	17.3	18,947	20.7

As indicated in the preceding table, a majority of the total number (82.7%) and dollar amount (79.3%) of HMDA and small business loans were extended within the bank’s assessment areas. Overall, the institution’s level of lending in its assessment areas is considered responsive to community credit needs.

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

The bank’s distribution of lending to borrowers of different income levels and businesses of different revenue sizes is considered reasonable overall in the multistate area, the Commonwealth of Virginia, and the State of North Carolina. As such, the bank’s borrower distribution performance is considered reasonable for the institution overall.

Geographic Distribution of Loans

In general, the bank’s geographic performance is stronger than that of its borrower distribution performance. The bank’s geographic distribution performance is considered reasonable overall in the multistate area and is considered excellent overall in Virginia and North Carolina. On a combined basis, when taking into consideration the volume of lending and strength of performance in each assessment area, TB’s geographic performance is considered excellent overall.

Community Development Loans, Investments, and Services

TB’s performance under the community development test is rated Satisfactory. The bank demonstrates adequate responsiveness to local credit needs through qualified community development loans, investments, and services.

The bank holds two qualified investment bonds through the Virginia Housing and Development Authority (VHDA) totaling approximately \$1.2 million that benefit multiple assessment areas and the larger statewide area. The VHDA is a public mortgage lender that serves the housing needs of low- and moderate-income individuals throughout the Commonwealth of Virginia, including two of the bank’s assessment areas. In addition to the statewide investments through the VHDA, the bank holds an investment with the Virginia Community Development Corporation (VCDC) totaling approximately \$11,000, which benefits multiple assessment areas and the larger statewide area. The VCDC provides affordable housing in underserved communities to specifically meet the needs of low- and moderate-income families in the Commonwealth of Virginia. The following qualified community development activities also benefit multiple assessment areas or the larger statewide or regional area:

- Multiple employees teach financial education courses at local area schools throughout the Buchanan, VA NonMSA and Johnson City-Kingsport-Bristol, TN-VA CSA assessment areas where a majority of students are low- or moderate-income.

Additional details of community development loans, investments, and services are discussed in the assessment areas where the activities took place.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

MULTISTATE METROPOLITAN AREA

CRA RATING FOR JOHNSON CITY-KINGSPORT-BRISTOL, TN-VA CSA¹: Satisfactory.
The Lending Test is rated: Satisfactory.
The Community Development Test is rated: Satisfactory.

Major factors supporting the rating include:

- The bank's borrower distribution is considered reasonable for residential mortgage and small business lending within the assessment area.
- The bank's geographic distribution is considered reasonable for HMDA and poor for small business lending. Overall, the bank's geographic distribution performance is considered reasonable.
- During the evaluation period, the bank demonstrated an adequate level of community development activities within the multistate area.

SCOPE OF EXAMINATION

HMDA loan data from 2018, 2019, and 2020, as well as small business loan data from calendar years 2019 and 2020, were evaluated to reach conclusions about the bank's borrower and geographic distribution of lending. The institution's efforts to serve its market through qualified community development loans, investments, and services were also reviewed.

The bank has delineated one assessment area in the Johnson City-Kingsport-Bristol, TN-VA CSA. Ratings for the multistate area are based solely on the bank's performance in this assessment area and do not consider the bank's performance in other parts of the Commonwealth of Virginia that are not part of this CSA.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN JOHNSON CITY-KINGSPORT-BRISTOL, TN-VA CSA

TB's Johnson City-Kingsport-Bristol, TN-VA CSA assessment area is located in southwestern Virginia and northwestern Tennessee, consisting of a portion of the CSA including the city of Bristol, Virginia, Washington County, Virginia, as well as the counties of Sullivan and Washington, Tennessee. Within the assessment area, TB operates four full-service branches. The assessment area has no low-income census tracts but contains 16 moderate-income tracts.

As of June 30, 2021, TB ranked 15th out of 18 financial institutions in local deposit market share and held .4% of the assessment area's deposits (excluding credit union deposits) according to data compiled by the Federal Deposit Insurance Corporation (FDIC). Additionally, according to 2020 aggregate data, the bank ranked 76th out of 441 lenders in reported mortgage lending with a .02% market share.

Based on 2015 ACS data, the assessment area served by the bank has a total population of 354,352 and a median housing value of \$132,314. Within the assessment area, the owner-occupancy rate is 63% which is higher than the owner-occupancy rate for the Johnson City, TN MSA (60.2%), but lower than the Kingsport-Bristol-Bristol, TN-VA MSA (64.5%). The percentage of families living below the poverty level in the assessment area (12.4%) is lower than the rates in both the Johnson City, TN MSA (14.7%) and the Kingsport-Bristol-Bristol, TN-VA MSA (13.3%). Median family income for the Johnson City, TN MSA and the Kingsport-Bristol-Bristol, TN-VA MSA during 2020 equaled \$50,296 and \$51,210, respectively. The following table includes pertinent demographic data for the assessment area in 2020.

¹ 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.

Assessment Area Demographics

Johnson City-Kingsport, TN-VA <i>(Based on 2015 ACS Data and 2020 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	19,037	19.6
Moderate	16	20.3	16,064	16.5	4,354	27.1	16,783	17.3
Middle	40	50.6	51,901	53.4	5,764	11.1	19,665	20.2
Upper	22	27.8	29,267	30.1	1,945	6.6	41,747	42.9
NA	1	1.3	0	0.0	0	0.0		
Total	79	100.0	97,232	100.0	12,063	12.4	97,232	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	34,443	23.0
Moderate	14,864	14.1	28,447	19.0	8,480	29.8	23,271	15.6
Middle	57,450	54.6	78,226	52.3	12,482	16.0	25,514	17.1
Upper	32,905	31.3	42,777	28.7	4,082	9.5	66,222	44.3
NA	0	0.0	0	0.0	0	0.0		
Total	105,219	100.0	149,450	100.0	25,044	16.8	149,450	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	3,033	21.5	2,706	21.0	299	26.4	28	25.5
Middle	6,545	46.4	6,020	46.8	468	41.3	57	51.8
Upper	4,491	31.8	4,107	31.9	359	31.7	25	22.7
NA	33	0.3	25	0.3	8	0.6	0	0.0
Total	14,102	100.0	12,858	100.0	1,134	100.0	110	100.0
Percentage of Total Businesses:				91.2		8.0		0.8

*NA-Tracts without household or family income as applicable

Local county government and school boards provide a large portion of employment opportunities in the area. Aside from the aforementioned entities, the largest industries providing employment for area residents are retail, manufacturing, and healthcare. Recent and historical unemployment rates since the previous evaluation are included in the following table.

Geographic Area	November 2018	November 2019	November 2020	November 2021
Bristol City, VA	3.2%	3.2%	6.5%	3.5%
Washington County, VA	2.8%	2.8%	4.5%	2.5%
Sullivan County, TN	3.3%	3.4%	5.4%	3.1%
Washington County, TN	3.2%	3.2%	4.4%	2.8%
Johnson City, TN MSA	3.4%	3.4%	5.0%	3.0%
Kingsport-Bristol-Bristol, TN-VA MSA	3.2%	3.3%	5.2%	3.0%
Johnson City-Kingsport-Bristol, TN-VA CSA	3.3%	3.4%	5.1%	3.0%
Commonwealth of Virginia	2.6%	2.3%	5.5%	2.7%
State of Tennessee	3.1%	3.2%	5.2%	3.1%

Prior to the Covid-19 pandemic and subsequent economic shutdown, the assessment area was experiencing a relatively stable unemployment rate environment. Generally, unemployment rates in the assessment area are comparable to the MSA, CSA, and statewide rates, with Bristol City having the highest unemployment in the assessment area as of November 2021.

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

Within the assessment area, the bank originated HMDA loans totaling \$13.1 million and small business loans totaling \$7.6 million during the evaluation period. Accordingly, the bank’s HMDA lending performance is given more weight than its small business performance when evaluating the bank’s overall lending performance.

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

Overall, the bank’s distribution of lending reflects a reasonable penetration among individuals of different income levels (including low- and moderate- income) and businesses with revenues of \$1 million or less per year.

Distribution of HMDA Loans by Income Level of Borrower

Johnson City-Kingsport, TN-VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	1	33.3	16	6.2	657	5.8	54,790	2.6
Moderate	1	33.3	69	26.5	2,029	17.9	240,555	11.5
Middle	0	0.0	0	0.0	2,735	24.1	411,788	19.7
Upper	1	33.4	175	67.3	5,932	52.2	1,382,160	66.2
Total	3	100.0	260	100.0	11,353	100.0	2,089,293	100.0
Unknown	1		356		2,035		581,786	

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

As evidenced by the table above, the bank’s level of lending in 2020 was limited. While limited in volume, the bank’s level of lending to low-income borrowers (33.3%) significantly exceeds both the percentage of area low-income families (19.6%) and the aggregate lending levels to such borrowers (5.8%). Similarly, TB’s level of lending to moderate-income borrowers (33.3%) significantly exceeds both the percentage of area moderate-income families (17.3%) and aggregate lending levels to such borrowers (17.9%). Overall, the bank’s performance during 2020 is considered excellent.

In 2019, TB originated 25 loans totaling \$5 million, for which the borrower’s incomes were known. Of the 25 originations, one loan (4%) was extended to a low-income borrower and two loans (8%) were extended to moderate-income borrowers. The bank’s level of lending to low-income borrowers lagged the level of aggregate lending to such borrowers (6.8%) and significantly lagged the percentage of low-income families (19.6%) in the assessment area. Additionally, the bank’s level of lending to moderate-income borrowers significantly lagged both the aggregate lending level to such borrowers (20%) and the percentage of moderate-income families (17.3%) in the assessment area. As such, the bank’s performance during 2019 is considered poor.

In 2018, TB originated 29 loans totaling \$4.7 million, for which the borrower’s incomes were known. Of the 29 originations, two loans (6.9%) were extended to low-income borrowers and five loans (17.2%) were extended to moderate-income borrowers. The bank’s level of lending to low-income borrowers was less than the aggregate lending level to such borrowers (7.9%) and significantly lagged the percentage of low-income families (19.6%) in the assessment area. The bank’s level of lending to moderate-income borrowers was similar to the aggregate level of lending to such borrowers (18.5%) and approximated the percentage of moderate-income families (17.3%) in the assessment area. Consequently, the bank’s performance during 2018 is considered reasonable.

On a combined basis, TB’s HMDA lending performance is considered reasonable when accounting for the relative loan volume and strength of performance each year.

Distribution of Lending by Loan Amount and Size of Business

Johnson City-Kingsport, TN-VA (2020)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	11	47.8	1,193	35.4	2,493	35.5	125,068	27.2
Over \$1 Million	12	52.2	2,177	64.6	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	14	60.9	691	20.5	5,912	84.1	132,490	28.9
\$100,001-\$250,000	5	21.7	901	26.7	647	9.2	105,688	23.0
\$250,001-\$1 Million	4	17.4	1,777	52.8	467	6.7	220,908	48.1
Total	23	100.0	3,369	100.0	7,026	100.0	459,086	100.0

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

D&B data from 2020 indicates that 91.2% of all local businesses have revenues that do not exceed \$1 million per year. According to the 2020 aggregate small business data, 35.5% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or the revenue was not known. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 39.7% of loans were to businesses having revenues of \$1 million or less. Of the small business loans considered in the evaluation, 47.8% of the loans were to businesses with annual revenues of \$1 million or less. As such, the bank’s level of lending is considered excellent.

D&B data from 2019 indicates that 94.3% of all local businesses have revenues that do not exceed \$1 million per year. According to the 2019 aggregate small business data, 45.5% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to

businesses that either had revenues exceeding \$1 million or the revenue was not known. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 56.5% of loans were made to businesses having revenues of \$1 million or less. Of the small business loans considered in the evaluation, 42.3% of the loans were to businesses with annual revenues of \$1 million or less. As such, the bank’s level of lending in 2019 is considered reasonable.

Based on the bank’s relative volume of small business lending in 2020 (\$3.4 million) and 2019 (\$4.2 million) and the contextual factors provided above, slightly greater weight was given to the bank’s 2019 performance. Overall, the bank’s performance for lending to businesses with revenues of \$1 million or less is considered reasonable.

Geographic Distribution of Loans

The bank’s geographic distribution performance is considered reasonable for HMDA lending and poor for small business lending. The bank’s assessment area does not contain any low-income census tracts. As such, the bank’s performance was determined by its level of lending within moderate-income census tracts. Given the greater weight afforded to the bank’s HMDA lending and considering the relative performance levels of each product, TB’s geographic distribution performance is considered reasonable overall.

Distribution of HMDA Loans by Income Level of Census Tract

Johnson City-Kingsport, TN-VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(1) Home Purchase				(6,329)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	100.0	69	100.0	953	15.1	123,936	10.3
Middle	0	0.0	0	0.0	3,038	48.0	550,314	45.5
Upper	0	0.0	0	0.0	2,338	36.9	534,491	44.2
	(2) Refinance				(6,434)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	50.0	16	8.4	594	9.2	78,475	6.4
Middle	0	0.0	0	0.0	3,084	47.9	538,462	44.2
Upper	1	50.0	175	91.6	2,756	42.9	602,539	49.4
	(0) Home Improvement				(543)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	85	15.7	5,403	13.3
Middle	0	0.0	0	0.0	246	45.3	17,410	43.0
Upper	0	0.0	0	0.0	212	39.0	17,705	43.7
	(1) Multi-Family				(82)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	31	37.8	67,559	33.4
Middle	0	0.0	0	0.0	28	34.1	57,470	28.4
Upper	1	100.0	356	100.0	23	28.1	77,315	38.2
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	2	50.0	85	13.8	1,663	12.4	275,373	10.3
Middle	0	0.0	0	0.0	6,396	47.8	1,163,656	43.6
Upper	2	50.0	531	86.2	5,329	39.8	1,232,050	46.1
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	4	100.0	616	100.0	13,388	100.0	2,671,079	100.0

NA*-Tracts without household or family income as applicable

Refinance and home purchase were the leading HMDA products for both aggregate lenders and the bank during 2020. Home improvement and multi-family lending was not a factor in the analysis due to limited lending within the assessment area. The bank’s performance for refinance and home purchase loans is considered excellent; however, little weight was afforded to this conclusion due to the bank’s limited volume of lending.

During 2020, TB originated four loans totaling \$616,000 within the assessment area. Of the four originations, two (50%) totaling \$85,000 (13.8%) were in moderate-income census tracts. The bank’s level of lending significantly exceeded both the percentage of owner-occupied housing units (14.1%) and the aggregate level of lending (12.4%) in such tracts. The bank’s performance during 2020 is considered excellent. However, as previously mentioned, less weight was given to the bank’s performance in 2020 due to limited lending activity.

In 2019, TB originated 26 loans totaling \$5.2 million. Of the 26 originations, two (7.7%) totaling \$80,000 (1.5%) were in moderate-income census tracts. The bank’s level of lending significantly lagged the percentage of owner-occupied housing units (14.1%) and the aggregate level of lending in such tracts (14.5%). As such, the bank’s performance during 2019 is considered poor.

In 2018, TB originated 31 loans totaling \$7.3 million within the assessment area. Of the 31 loans, five (16.1%) totaling \$1.5 million (20.7%) were made within moderate-income census tracts. The bank’s lending performance exceeded both the percentage of owner-occupied housing units (14.1%) and the aggregate level of lending (13.8%) in moderate-income census tracts and is considered reasonable.

On a combined basis, TB’s HMDA lending performance is considered reasonable. In reaching this conclusion, consideration was given to the relative dollar volume of lending and strength of performance each year.

Distribution of Small Business Loans by Income Level of Census Tract

Johnson City-Kingsport, TN-VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	2	8.7	66	2.0	1,290	18.5	90,134	19.7
Middle	6	26.1	1,424	42.3	3,177	45.5	196,408	42.9
Upper	15	65.2	1,880	55.7	2,523	36.0	171,614	37.4
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	23	100.0	3,370	100.0	6,990	100.0	458,156	100.0

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

During 2020, the bank’s small business lending in moderate-income census tracts (8.7%) significantly lagged both the percentage of area businesses (21.5%) and the aggregate level of lending (18.5%) in such tracts. The bank’s small business lending performance is considered poor, and its 2019 performance is substantially similar.

Community Development Loans, Investments, and Services

Discussions with individuals knowledgeable of the local community and the review of performance evaluations of other financial institutions operating within the assessment area indicate that local community development opportunities are reasonably available within the assessment area. The bank faces no constraints in providing community development loans, investments, or services consistent with its capacity and available opportunities.

As previously mentioned, the bank has three qualified investments totaling \$1.2 million which support affordable housing within the assessment area and larger regional area. Specific to this assessment area, TB originated three community development loans totaling \$956,611 to area organizations that provide services to low- and moderate-income individuals. In addition, TB supported local community development efforts by making charitable donations totaling \$2,750 to area organizations that provide qualified services within the assessment area. Of the bank's four branches in the assessment area, one (25%) is located within a moderate-income census tract. Systems for delivering retail banking services appear effective and are accessible to all portions of the assessment area. TB also offers free and low-cost checking accounts, which can benefit low- and moderate-income customers.

In addition to bank employees teaching financial literacy in local schools, TB's employees provided financial expertise to the following organizations that provide community development services within the assessment area:

- A bank officer served on the board of directors for Dawn of Hope, an organization that provides services for low-income individuals with disabilities.
- A bank officer served on the board of directors for United Way of Washington County. United Way works with various programs and organizations in the local area to help reduce the impact of poverty.

Overall, the bank has demonstrated an adequate level of responsiveness to local community development needs through its lending, investment, and service activities that support area organizations and facilitate community development.

COMMONWEALTH OF VIRGINIA

CRA RATING FOR Virginia²: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

Major factors supporting the rating include:

- The bank's borrower distribution performance is considered reasonable for HMDA and excellent for small business lending. Overall, the bank's borrower distribution performance is considered reasonable.
- The bank's geographic distribution performance is considered excellent for HMDA and small business lending.
- The bank participates in an adequate level of community development activities that support local credit needs.

SCOPE OF EXAMINATION

HMDA and small business loan data from calendar years 2018, 2019, and 2020 were evaluated to reach conclusions about the bank's borrower and geographic distribution of lending. The institution's efforts to serve its market through qualified community development loans, investments, and services were also reviewed.

The bank delineates one nonmetropolitan assessment area (Buchanan, VA NonMSA) in the Commonwealth of Virginia. Statewide ratings for Virginia are based solely on the bank's performance in this assessment area. As previously stated, the bank's performance within the Virginia portion of the Johnson City-Kingsport-Bristol, TN-VA CSA is considered in the evaluation of the multistate metropolitan area and is not a factor in the evaluation of the bank's performance in the Commonwealth of Virginia.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN BUCHANAN, VA NONMSA

TB's Buchanan, VA NonMSA assessment area is located in southwestern Virginia and consists of the city of Norton, Virginia and the counties of Buchanan, Dickenson, Russell, Tazewell, and Wise, Virginia. Within this assessment area, TB operates seven full-service branches.

As of June 30, 2021, TB ranked 4th out of 16 financial institutions in local deposit market share according to data compiled by the FDIC and held 10.6% of the assessment area's local deposits (excluding credit union deposits). Additionally, according to 2020 aggregate data, the bank ranked 13th out of 143 lenders in reported mortgage lending with a 2.3% market share.

Based on 2015 ACS data, the assessment area served by the bank has a total population of 155,601 and a median housing value of \$85,764. Within the assessment area, the owner-occupancy rate is 62.9%, which is higher than the owner-occupancy rate for the Commonwealth of Virginia (59.2%). The percentage of families living below the poverty level in the assessment area (21.8%) is significantly higher than the rates in both the Commonwealth of Virginia (11.1%) and in nonmetropolitan areas of Virginia (17.5%). The median family income for nonmetropolitan areas of Virginia during 2020 equaled \$51,647.

² For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

The following table includes pertinent demographic data for the assessment area in 2020.

Assessment Area Demographics

Buchanan County, VA NonMSA <i>(Based on 2015 ACS Data and 2020 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	10,751	25.9
Moderate	14	34.1	15,075	36.3	3,397	22.5	8,032	19.3
Middle	24	58.5	22,859	55.1	3,311	14.5	7,790	18.8
Upper	3	7.4	3,587	8.6	259	7.2	14,948	36.0
NA	0	0.0	0	0.0	0	0.0		
Total	41	100.0	41,521	100.0	6,967	16.8	41,521	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	18,725	30.4
Moderate	17,091	37.3	22,736	36.9	6,079	26.7	10,298	16.7
Middle	24,821	54.1	33,482	54.4	6,355	19.0	9,915	16.1
Upper	3,929	8.6	5,343	8.7	993	18.6	22,623	36.8
NA	0	0.0	0	0.0	0	0.0		
Total	45,841	100.0	61,561	100.0	13,427	21.8	61,561	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,205	29.7	1,067	29.7	123	31.4	15	21.7
Middle	2,318	57.1	2,051	57.0	221	56.4	46	66.7
Upper	536	13.2	480	13.3	48	12.2	8	11.6
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	4,059	100.0	3,598	100.0	392	100.0	69	100.0
Percentage of Total Businesses:				88.6		9.7		1.7

*NA-Tracts without household or family income as applicable

According to data published by the FFIEC in 2020, 17 of the 24 middle-income census tracts within the assessment area have been designated as being either distressed or underserved. Census tracts are designated as underserved when they are located in predominately rural areas that are distant from population centers and may lack access to certain services, while the distressed designation reflects a population loss and/or comparatively high unemployment or poverty rates. Buchanan County has three middle-income census tracts, all of which are designated as being both underserved and distressed because of population loss and high poverty and unemployment rates. Additionally, Dickenson County's three middle-income census tracts, Russell County's four middle-income census tracts, and Wise County's seven middle-income census tracts are designated as distressed due to high poverty rates. Collectively, every middle-income census tract in the bank's assessment area, with the exception of those in Tazewell County, is designated as either distressed or underserved.

Local county government and school boards provide a large portion of employment opportunities for residents. In addition to these entities, the largest industries providing employment include retail, energy, healthcare, and correctional institutions. Recent and historical unemployment rates since the previous evaluation are included in the following table.

Geographic Area	November 2018	November 2019	November 2020	November 2021
Buchanan County, VA	4.4%	5.1%	8.6%	5.0%
Dickenson County, VA	4.2%	4.5%	7.0%	3.7%
Norton City, VA	3.5%	3.1%	6.4%	3.3%
Russell County, VA	3.5%	3.4%	5.4%	2.9%
Tazewell, County, VA	3.7%	3.7%	6.4%	3.4%
Wise County, VA	4.1%	4.0%	7.0%	3.6%
Commonwealth of Virginia	2.6%	2.4%	4.8%	2.8%

As indicated by the table above, prior to the Covid-19 pandemic and subsequent economic shutdown, the assessment area was experiencing a relatively stable unemployment rate environment. However, unemployment rates consistently remained higher than that of the Commonwealth of Virginia.

An official from an affordable housing organization was contacted during the evaluation to discuss area economic conditions and community credit needs. The individual stated the economy is relatively stable but continues to experience the consequences of economic hardships. Specifically, there is a large homeless population in the area so there is a significant need for the construction of additional affordable housing units. While the contact indicated that area financial institutions are reasonably serving the banking needs of the local community, there is opportunity for partnerships between financial institutions and organizations for community development purposes.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

During 2018, 2019, and 2020, the bank originated HMDA loans totaling \$9.8 million within the assessment area. During 2019 and 2020, TB originated \$3.4 million in small business loans within the assessment area. Accordingly, the bank’s HMDA lending performance is generally weighted more heavily when considering TB’s overall lending performance.

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

The bank’s borrower distribution is considered reasonable for HMDA lending and excellent for small business lending within the assessment area. The overall borrower distribution is considered reasonable when considering the relative strength of performance and volume of lending each year.

Distribution of HMDA Loans by Income Level of Borrower

Bucahanan County, VA NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	4	10.0	177	6.7	152	8.6	10,718	4.8
Moderate	9	22.5	440	16.7	391	22.2	36,279	16.3
Middle	14	35.0	956	36.2	487	27.6	55,891	25.2
Upper	13	32.5	1,068	40.4	735	41.6	119,338	53.7
Total	40	100.0	2,641	100.0	1,765	100.0	222,226	100.0
Unknown	6		220		337		53,005	

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

In 2020, the bank’s level of lending to low-income borrowers (10%) significantly lagged the percentage of low-income families in the area (25.9%) but exceeded the aggregate level of lending (8.6%) to such borrowers. The bank’s lending to moderate-income borrowers (22.5%) exceeded the percentage of moderate-income families in the area (19.3%) and approximated the aggregate level of lending (22.2%) to such borrowers. Overall, the bank’s performance during 2020 is considered reasonable, and the bank’s performance in 2019 is substantially similar.

In 2018, TB originated 54 loans totaling \$3.7 million. Of those loans, nine (16.7%) were made to low-income borrowers and 15 loans (27.8%) were made to moderate-income borrowers. The bank’s level of lending to low-income borrowers significantly lagged the percentage of low-income families in the area (25.9%), but it exceeded the aggregate level of lending (12.1%) to such borrowers. The bank’s lending to moderate-income borrowers significantly exceeded the percentage of moderate-income families in the area (19.3%) and the aggregate level of lending (23.3%) to such borrowers. Overall, the bank’s performance during 2018 is considered excellent.

On a combined basis, TB’s overall HMDA lending performance is considered reasonable.

Distribution of Lending by Loan Amount and Size of Business

Bucahanan County, VA NonMSA (2020)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	18	78.3	883	54.3	797	39.3	31,200	29.1
Over \$1 Million	4	17.4	733	45.1	NA	NA	NA	NA
Unknown	1	4.3	10	0.6	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	20	87.0	596	36.7	1,801	88.8	38,215	35.7
\$100,001-\$250,000	1	4.3	195	12.0	132	6.5	20,948	19.6
\$250,001-\$1 Million	2	8.7	835	51.3	95	4.7	47,909	44.7
Total	23	100.0	1,626	100.0	2,028	100.0	107,072	100.0

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

D&B data from 2020 indicates that 88.6% of all local businesses have revenues that do not exceed \$1 million per year. According to 2020 aggregate small business data, 39.3% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of performance context, the aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 47.5% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. Of the small business loans originated by TB, 78.3% were to businesses having revenues of \$1 million or less. Given these contextual factors, the bank’s small business lending performance is considered excellent, and its 2019 small business lending is substantially similar.

Geographic Distribution of Loans

The bank’s geographic distribution performance is considered excellent for both HMDA and small business lending within the assessment area. TB’s assessment area does not contain any low-income census tracts, as such, the bank’s geographic performance was determined by the bank’s level of lending within moderate-income census tracts.

Distribution of HMDA Loans by Income Level of Census Tract

Bucanan County, VA NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
	(22)				(1,071)			
	Home Purchase							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	10	45.5	679	51.9	307	29.0	32,418	24.8
Middle	11	50.0	605	46.3	599	56.6	76,754	58.7
Upper	1	4.5	24	1.8	153	14.4	21,552	16.5
	(18)				(890)			
	Refinance							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	15	83.3	1,181	88.0	246	27.6	29,900	23.7
Middle	3	16.7	161	12.0	509	57.2	74,037	58.6
Upper	0	0.0	0	0.0	135	15.2	22,312	17.7
	(5)				(71)			
	Home Improvement							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	60.0	85	50.0	24	33.8	1,056	28.5
Middle	2	40.0	85	50.0	41	57.7	2,212	59.6
Upper	0	0.0	0	0.0	6	8.5	443	11.9
	(1)				(12)			
	Multi-Family							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	100.0	41	100.0	8	66.7	3,034	59.1
Middle	0	0.0	0	0.0	4	33.3	2,100	40.9
Upper	0	0.0	0	0.0	0	0.0	0	0.0
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	29	63.0	1,986	69.4	585	28.8	66,408	25.0
Middle	16	34.8	851	29.7	1,153	56.7	155,103	58.3
Upper	1	2.2	24	0.9	294	14.5	44,307	16.7
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	46	100.0	2,861	100.0	2,032	100.0	265,818	100.0

NA*-Tracts without household or family income as applicable

During 2020, home purchase lending was the leading HMDA product by number, followed by refinance and home improvement lending for both the bank and aggregate lenders. Multi-family lending was not a factor in the analysis due to limited lending within the assessment area. Considering both demographic and aggregate proxies for demand, the bank's performance for home purchase, refinance, and home improvement lending is considered excellent.

TB's level of lending in moderate-income census tracts (63%) was substantially higher than both the level of aggregate lending (28.8%) in such tracts and the owner-occupied housing units located in the moderate-income census tracts (37.3%). Overall, the bank's performance in moderate-income census tracts during 2020 is considered excellent, and its 2019 and 2018 lending performance is similar.

Distribution of Small Business Loans by Income Level of Census Tract

Bucanan County, VA NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	11	47.8	515	31.7	616	31.1	28,251	26.7
Middle	12	52.2	1,111	68.3	1,155	58.3	66,718	63.1
Upper	0	0.0	0	0.0	209	10.6	10,740	10.2
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	23	100.0	1,626	100.0	1,980	100.0	105,709	100.0

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

D&B data from 2020 indicates that 29.7% of all area businesses are located in moderate-income census tracts. During 2020, the aggregate lenders reported extending 31.1% of small business loans in moderate-income census tracts. The bank’s lending performance in moderate-income tracts (47.8%) significantly exceeds demographic and aggregate data. Overall, the bank’s level of small business lending is considered excellent, and its lending performance in 2019 is substantially similar.

Community Development Loans, Investments, and Services

TB supports community development initiatives that benefit the assessment area by making qualified loans and investments and providing financial expertise and other support to local organizations providing community development services. A discussion with an individual knowledgeable of the local community and the review of performance evaluations of other financial institutions having a local presence indicate that local community development opportunities are more limited within the assessment area. The bank faces no major constraints in providing community development loans, investments, and services consistent with its capacity and available opportunities.

As previously mentioned, the bank holds three qualified investments totaling \$1.2 million which support affordable housing within the assessment area and larger regional area. Specific to this assessment area, TB originated two community development loans totaling \$205,000 to area organizations that provide services to low- and moderate-income individuals. The bank also made charitable donations totaling \$28,000 to local organizations that provide community development services within the assessment area during the evaluation period, including a \$10,000 donation to help stabilize the Town of Hurley following severe flooding during the evaluation period. Of the bank’s seven branches within the assessment area, one (14.7%) is located in a moderate-income census tract. Systems for delivering retail-banking services appear effective and are accessible to all portions of the assessment area. As previously mentioned, TB also offers free and low-cost checking accounts, which can benefit low- and moderate-income customers.

In addition to bank employees teaching financial education in local schools, TB’s employees provide financial expertise to several organizations that provide community development services within the assessment area, including but not limited to the following:

- A bank officer serves on the board of directors for the Good Samaritan Food Pantry, an organization that provides free food to low-income individuals.
- A bank officer sits on the board of directors for the Clinch Valley Medical Center which provides specialized medical service in the assessment area including underserved remote rural census tracts.
- A bank officer is a member of the board of directors for the B.F. Foundation, an organization that funds various regional services and organizations supporting low- and moderate-income residents.

Overall, the bank has demonstrated an adequate level of responsiveness to local credit needs through its lending and investment activities and support of area organizations that facilitate community development.

STATE OF NORTH CAROLINA

CRA RATING FOR NORTH CAROLINA: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

Major factors supporting the rating include:

- The bank's borrower distribution is considered poor for HMDA and excellent for small business lending. Overall, the bank's borrower distribution performance is considered reasonable.
- TB's geographic distribution is considered excellent for both HMDA and small business lending. Overall, the bank's geographic distribution performance is considered excellent.
- The bank demonstrates an adequate responsiveness to the community development needs of the assessment area through qualified loans, investments, and services.

SCOPE OF EXAMINATION

HMDA loan data from 2018, 2019, and 2020, as well as small business data from calendar year 2019 and 2020, was evaluated to reach conclusions about the bank's borrower and geographic distribution of lending. The institution's efforts to serve its market through qualified community development loans, investments, and services were also reviewed.

The bank has delineated one assessment area in the State of North Carolina which includes a portion of the Asheville, NC MSA. As such, ratings for the state are based solely on the bank's performance in this assessment area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ASHEVILLE, NC

TB's Asheville, NC assessment area is located in southwestern North Carolina consisting solely of the county of Buncombe, North Carolina which is a part of the Asheville, NC MSA. Within the assessment area, TB operates one full-service branch.

As of June 30, 2021, the bank ranked 15th out of 19 financial institutions in local deposit market share according to data compiled by the FDIC and held .2% of the assessment area's deposits (excluding credit union deposits). Additionally, according to 2020 aggregate data, the bank ranked 126th out of 441 lenders in reported mortgage lending with a .1% market share.

Based on 2015 ACS data, the assessment area served by the bank has a total population of 247,336 and a median housing value of \$192,446. Within the assessment area, the owner-occupancy rate is 56%, which is similar to the owner-occupancy rates for the State of North Carolina (55.7%) and the Asheville, NC MSA (57%). The percentage of families living below the poverty level in the assessment area (11%) is lower than the rate in the State of North Carolina (12.8%), but similar to the rate in the Asheville, NC MSA (11.1%). The Asheville, NC MSA median family income during 2020 equaled \$58,039. The following table includes pertinent demographic data for the assessment area in 2020.

Assessment Area Demographics

Asheville, NC (Based on 2015 ACS Data and 2020 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	1.8	486	0.8	239	49.2	11,727	19.6
Moderate	7	12.5	6,183	10.3	1,214	19.6	11,213	18.7
Middle	35	62.5	40,092	66.8	4,520	11.3	11,900	19.8
Upper	13	23.2	13,213	22.1	616	4.7	25,134	41.9
NA	0	0.0	0	0.0	0	0.0		
Total	56	100.0	59,974	100.0	6,589	11.0	59,974	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	484	0.7	1,396	1.4	588	42.1	23,372	22.9
Moderate	6,238	9.7	11,921	11.7	2,771	23.2	16,358	16.1
Middle	42,711	66.1	64,889	63.7	9,682	14.9	19,080	18.7
Upper	15,193	23.5	23,654	23.2	2,146	9.1	43,050	42.3
NA	0	0.0	0	0.0	0	0.0		
Total	64,626	100.0	101,860	100.0	15,187	14.9	101,860	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	603	3.5	521	3.3	78	8.0	4	3.5
Moderate	2,198	12.8	1,987	12.4	198	20.2	13	11.5
Middle	8,682	50.8	8,266	51.6	370	37.8	46	40.7
Upper	5,623	32.9	5,241	32.7	332	34.0	50	44.3
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	17,106	100.0	16,015	100.0	978	100.0	113	100.0
	Percentage of Total Businesses:			93.6		5.7		0.7

*NA-Tracts without household or family income as applicable

The largest employers in the county include Memorial Mission Hospital, Buncombe County Board of Education, Ingles Markets, Veterans Administration, Biltmore Workforce Management, County of Buncombe, City of Asheville, Wal-Mart Associates Inc, Mission Community Anesthesiology, and A-B Tech. Recent and historical unemployment rates since the previous evaluation are included in the following table.

Geographic Area	November 2018	November 2019	November 2020	November 2021
Buncombe County, VA	2.9%	2.6%	6.0%	2.8%
Asheville, NC MSA	3.0%	2.7%	5.8%	2.8%
State of North Carolina	3.8%	3.5%	6.3%	3.4%

As indicated in the preceding table, prior to the Covid-19 pandemic and subsequent economic shutdown, the assessment area was experiencing a relatively stable unemployment rate environment and rates were slightly decreasing. Unemployment rates for the assessment area have remained lower than the statewide rate, but similar to that of the Asheville, NC MSA.

Local housing authority and economic development officials were recently contacted to assist in evaluating the bank’s CRA performance. The housing authority official observed that the demand for affordable housing remains high within the area. As such, opportunities exist to assist in funding affordable housing.

The economic development official noted that while the opportunities for small businesses in the market is favorable, lending assistance within the start-up sector could be more prevalent. The contact also stated that community banks are active in the market and are lending to small businesses. In addition, both contacts stated that banks are reasonably meeting the financial needs of the local community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

Within the assessment area, the bank originated HMDA loans totaling \$22.4 million and small business loans totaling \$14.7 million. Accordingly, the bank’s HMDA lending performance is given greater weight than its small business performance when evaluating the bank’s overall lending performance.

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

The bank’s borrower distribution is considered poor for HMDA lending and excellent for small business lending within the assessment area. On a combined basis, when considering the volume of lending and the relative performance level of each product, TB’s borrower distribution performance is considered reasonable overall.

Distribution of HMDA Loans by Income Level of Borrower

Asheville, NC (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	0	0.0	0	0.0	634	5.0	88,942	2.6
Moderate	0	0.0	0	0.0	2,189	17.2	410,170	11.9
Middle	1	100.0	125	100.0	3,051	24.0	696,952	20.2
Upper	0	0.0	0	0.0	6,845	53.8	2,257,404	65.3
Total	1	100.0	125	100.0	12,719	100.0	3,453,468	100.0
Unknown	10		5,329		1,555		685,768	

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

During 2020, the bank did not originate any HMDA loans to low-income borrowers; however, the percentage of low-income families (19.6%) and aggregate lending levels (5%) indicate that there are lending opportunities to these borrowers. Similarly, TB did not originate any HMDA loans to moderate-income borrowers, but the percentage of moderate-income families (18.7%) and aggregate lending levels (17.2%) indicate that there are opportunities to lend to these borrowers. As such, the bank’s performance during 2020 is considered very poor.

In 2019, the bank originated seven loans totaling \$1.3 where income was known. Of those loans, one was made to a low-income borrower. The bank’s level of lending to low-income borrowers (14.3%) lagged the percentage of low-income families (19.6%) but significantly exceeded the aggregate lending level (5%). TB did not originate any loans to moderate-income borrowers; however, the percentage of moderate-income families (18.7%) and aggregate lending levels (17.5%) indicate there are opportunities to lend to these borrowers. On a combined basis, the bank’s lending performance for 2019 is considered reasonable.

In 2018, TB originated 10 loans totaling \$2.9 million where borrower income was known. The bank did not originate any HMDA loans to low-income borrowers; however, the percentage of low-income families (19.6%) and aggregate lending levels (5.3%) indicate that there are lending opportunities to these borrowers. TB originated one loan to a moderate-income borrower, which significantly lagged the percentage of moderate-income families (18.7%) and the aggregate lending level (16.2%). Overall, the bank’s performance during 2018 is considered poor.

Consequently, when considering the bank’s level of lending across all three calendar years, the bank’s HMDA lending is considered poor overall.

Distribution of Lending by Loan Amount and Size of Business

Asheville, NC (2020)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	18	69.2	3,798	54.1	3,709	40.8	152,105	29.1
Over \$1 Million	8	30.8	3,219	45.9	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	12	46.2	756	10.8	7,956	87.4	167,426	32.0
\$100,001-\$250,000	4	15.4	710	10.1	642	7.1	103,360	19.7
\$250,001-\$1 Million	10	38.4	5,551	79.1	503	5.5	252,713	48.3
Total	26	100.0	7,017	100.0	9,101	100.0	523,499	100.0

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

D&B data from 2020 indicates that 93.6% of all local businesses have revenues that do not exceed \$1 million per year. According to 2020 aggregate small business data, 40.8% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of performance context, the aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 45.2% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. Of the small business loans originated by TB, 69.2% were to businesses having annual revenues of \$1 million or less. Given these contextual factors, the bank’s small business performance is considered excellent, and its 2019 performance is substantially similar.

Geographic Distribution of Loans

The bank’s geographic distribution performance is considered excellent for both HMDA and small business lending within the assessment area. As such, TB’s geographic distribution performance is considered excellent overall.

Distribution of HMDA Loans by Income Level of Census Tract

Asheville, NC (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
	(2)				Home Purchase (5,200)			
Low	0	0.0	0	0.0	40	0.8	13,863	0.9
Moderate	0	0.0	0	0.0	484	9.3	116,020	7.3
Middle	1	50.0	278	55.8	3,405	65.5	972,981	61.4
Upper	1	50.0	220	44.2	1,271	24.4	481,002	30.4
	(5)				Refinance (8,415)			
Low	0	0.0	0	0.0	56	0.7	14,369	0.6
Moderate	1	20.0	125	19.4	676	8.0	138,348	6.3
Middle	3	60.0	373	57.8	5,339	63.4	1,310,649	59.3
Upper	1	20.0	147	22.8	2,344	27.9	748,401	33.8
	(0)				Home Improvement (622)			
Low	0	0.0	0	0.0	3	0.5	359	0.5
Moderate	0	0.0	0	0.0	52	8.4	4,344	5.9
Middle	0	0.0	0	0.0	380	61.1	41,982	56.9
Upper	0	0.0	0	0.0	187	30.0	27,037	36.7
	(4)				Multi-Family (37)			
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1	25.0	1,350	31.3	6	16.2	57,519	21.3
Middle	3	75.0	2,961	68.7	22	59.5	123,958	45.9
Upper	0	0.0	0	0.0	9	24.3	88,404	32.8
	HMDA Totals							
Low	0	0.0	0	0.0	99	0.7	28,591	0.7
Moderate	2	18.2	1,475	27.0	1,218	8.5	316,231	7.6
Middle	7	63.6	3,612	66.2	9,146	64.1	2,449,570	59.2
Upper	2	18.2	367	6.8	3,811	26.7	1,344,844	32.5
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	11	100.0	5,454	100.0	14,274	100.0	4,139,236	100.0

NA*-Tracts without household or family income as applicable

For the bank, refinance loans were the leading HMDA product by number, followed by multi-family and home purchase lending. The bank did not originate any home improvement loans in 2020. Aggregate data shows refinance as the leading HMDA product, followed by home purchase and home improvement lending. Considering both demographic and aggregate proxies for demand, the bank's performance for refinance and multi-family lending is considered excellent, while purchase lending is considered very poor.

TB did not originate any loans in the low-income census tract located in the assessment area in 2020. However, when looking at the percentage of owner-occupied housing units (.7%) and the level of aggregate lending in the tract (.7%), opportunities appear limited. Conversely, the level of lending in moderate tracts (18.2%) was significantly higher than both the level of aggregate lending level (8.5%) and the percentage of owner-occupied housing units (9.7%) in such tracts. Overall, the bank's performance during 2020 is considered excellent, and its performance in 2019 and 2018 was substantially similar.

Distribution of Small Business Loans by Income Level of Census Tract

Asheville, NC (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	3	11.5	1,429	20.4	299	3.3	30,454	5.8
Moderate	6	23.1	1,680	23.9	1,282	14.2	94,519	18.2
Middle	8	30.8	2,226	31.7	4,444	49.2	198,133	38.1
Upper	9	34.6	1,682	24.0	3,009	33.3	197,512	37.9
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	26	100.0	7,017	100.0	9,034	100.0	520,618	100.0

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

D&B data from 2020 indicates that 3.5% and 12.8% of area businesses are located in low- and moderate-income census tracts, respectively. During 2020, aggregate lenders reported extending 3.3% and 14.2% of small business loans in low- and moderate-income census tracts, respectively. The bank’s lending performance in both low-income census tracts (11.5%) and moderate-income census tracts (23.1%) significantly exceeded both proxies for demand. Overall, the bank’s level of small business lending is considered excellent, and its performance in 2019 is substantially similar.

Community Development Loans, Investments, and Services

Discussion with individuals knowledgeable of the local community and the review of performance evaluations of other financial institutions having a local presence indicate that local community development opportunities are reasonably available within the assessment area. The bank faces no constraints in providing community development loans, investments, and services consistent with its capacity and available opportunities.

Specific to this assessment area, TB originated five community development loans totaling \$1.6 million, of which four loans were made to area organizations that provide services to low- and moderate-income individuals and one loan was made to facilitate affordable housing within the assessment area.

TB also supported local community development efforts by making charitable donations totaling \$4,000 to organizations that provide services to low- and moderate-income individuals and small businesses within the assessment area during the evaluation period. The bank has one branch located within the assessment area located in a moderate-income census tract. Systems for delivering retail-banking services appear effective and are accessible to all portions of the assessment area. As previously stated, the bank also offers free and low-cost checking accounts, which can benefit low- and moderate-income customers.

Overall, the bank has demonstrated an adequate level of responsiveness to local community development needs through its loan activities and support of area organizations that facilitate community development.

CRA APPENDIX A
SCOPE OF EXAMINATION

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED³	OTHER INFORMATION
Johnson City-Kingsport-Bristol, TN-VA CSA	Full-Scope	Due to travel restrictions related to COVID-19 and the bank's satisfactory history, no branch visits were conducted.	None
Buchanan, VA NonMSA	Full-Scope	Due to travel restrictions related to COVID-19 and the bank's satisfactory history, no branch visits were conducted.	None
Asheville, NC	Full-Scope	Due to travel restrictions related to COVID-19 and the bank's satisfactory history, no branch visits were conducted.	None

³ 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

State or Multistate Metropolitan Area Name	Lending Test Rating	Community Development Test Rating	Overall Rating
Johnson City-Kingsport-Bristol, TN-VA CSA	Satisfactory	Satisfactory	Satisfactory
Buchanan, VA NonMSA	Satisfactory	Satisfactory	Satisfactory
Asheville, NC	Satisfactory	Satisfactory	Satisfactory

CRA APPENDIX C

LOAN, BRANCH, AND DEPOSIT VOLUME BY ASSESSMENT AREA

The following table includes the distribution of branch offices as well as loan and deposit volume in each assessment area. Branch information is current as of the evaluation date, and loan volume includes all HMDA and small business loans considered in the evaluation. Deposit volumes include all bank deposits and is current as of June 30, 2021.

Assessment Area	Loan Volume				Branches		Deposit Volume	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Johnson City-Kingsport-Bristol, TN-VA CSA	110	26.4%	\$20,733	29.2%	4	33.3%	\$17,969	4%
Buchanan, VA NonMSA	198	47.6%	\$25,776	36.3%	7	58.3%	\$408,725	90.4%
Asheville, NC	108	26%	\$24,488	34.5%	1	8.3%	\$25,466	5.6%
TOTAL	416	100%	\$70,977	100%	12	100%	\$452,160	100%

CRA APPENDIX D

Assessment Area Composition

Assessment Area Name	City/County	State	Census Tracts Included
Johnson City-Kingsport-Bristol, TN-VA CSA	Bristol City	VA	All
	Washington County	VA	All
	Sullivan County	TN	All
	Washington County	TN	All
Buchanan, VA NonMSA	Buchanan County	VA	All
	Dickenson County	VA	All
	Norton City	VA	All
	Russell County	VA	All
	Tazewell County	VA	All
	Wise County	VA	All
Asheville, NC	Buncombe County	NC	All

CRA APPENDIX E
BRANCHING ACTIVITY

Assessment Area	Date	Address	City	State	Zip	Open/Closed	Tract Income Level
Buchanan, VA NonMSA	10/15/2018	1101 Anchorage Circle	Vasant	VA	24656	Closed	Moderate
Winston-Salem, NC MSA*	04/09/2019	3303-A Healy Drive	Winston-Salem	NC	27103	Closed (LPO)	Middle

*not a delineated assessment area

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 and Community Development 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 and Community Development 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.