



**PUBLIC DISCLOSURE**

**August 19, 2019**

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**PIONEER BANK**

**STANLEY, 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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PERFORMANCE EVALUATION**

Pioneer Bank

41629

252 E. Main Street

Stanley, VA 22851

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

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## INSTITUTION RATING

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

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered more than reasonable in relation to bank capacity and demand for credit within the local assessment areas.
- A majority of the institution's Home Mortgage Disclosure Act (HMDA) and consumer motor vehicle secured loans considered in the evaluation were originated within the bank's assessment areas.
- Borrower distribution performance (lending to low and moderate- income borrowers) is considered reasonable overall.
- Geographic distribution performance (lending in census tracts having different income levels) is considered excellent overall.
- The institution has not received any complaints regarding its Community Reinvestment Act (CRA) performance since the previous CRA evaluation.

## SCOPE OF EXAMINATION

Pioneer Bank (PB) was evaluated using the interagency examination procedures for small banks developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures and based upon recent loans originated by the institution, HMDA loans reported by the bank during 2016 and 2017 were reviewed. Additionally, consumer motor vehicle secured lending was identified as a primary product and was also considered in the evaluation. The analysis includes a sample of 170 consumer motor vehicle secured loans from a universe of 734 such loans originated during calendar year 2018.

Based on the FFIEC's evaluation procedures, an overall rating for the Lending Test is assigned to the institution based on its performance within assessment areas evaluated using full-scope procedures. At this evaluation, the bank's Page County, VA Nonmetropolitan Statistical Area (NonMSA) and Charlottesville, VA Metropolitan Statistical Area (MSA) assessment areas were subject to full-scope review and conclusions in these two areas determined the bank's overall level of performance. Given the bank's limited loan and deposit activity within the Harrisonburg, VA MSA, this assessment area was evaluated utilizing the FFIEC's limited review procedures. For this assessment area, a determination was made as to whether performance was consistent with the institution's overall rating. Appendix A includes information about the bank's performance in the limited scope assessment area.

When assigning the institution's overall rating, performance is 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. The bank's performance in the Page County, VA NonMSA assessment area is given the most weight, as a majority of the bank's loans and deposits are located within this assessment area. Appendix B includes information about the bank's lending, branches, and deposit volume by assessment area.

**DESCRIPTION OF INSTITUTION**

PB is headquartered in Stanley, Virginia, and is a wholly owned subsidiary of Pioneer Bankshares. The bank operates seven branches within the counties of Page, Greene, Rockingham, and Albemarle, and the cities of Harrisonburg and Charlottesville, which are detailed in the following table. The bank serves three assessment areas, two of which are located in Metropolitan Statistical Areas (MSA), while the third is located in a nonmetropolitan area.

Assessment Area Name	City/County	State	Census Tracts Included
Page County, VA NonMSA	Page County	VA	All
Charlottesville, VA	City of Charlottesville	VA	All
	Albemarle County, VA	VA	All
	Greene County, VA	VA	All
Harrisonburg, VA MSA	Rockingham County, VA	VA	All
	City of Harrisonburg	VA	All

The bank received an Outstanding rating at its prior CRA evaluation dated July 28, 2014. Since the previous evaluation, the bank relocated its Charlottesville branch twice; however, the branch relocations did not change the composition of the assessment area. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment areas.

As of June 30, 2019, the bank held assets totaling \$215.4 million, of which 79.2% were net loans. As of the same date, deposits totaled \$183.7 million. The institution offers a variety of credit and deposit products, including loans for consumer, residential mortgage, and business purpose. The composition of the loan portfolio as of June 30, 2019, is represented in the table below:

**Composition of Loan Portfolio**

Loan Type	6/30/2019	
	\$ (000s)	%
Secured by 1-4 Family dwellings	65,050	37.6
Multifamily	6,142	3.6
Construction and Development	5,337	3.1
Commercial & Industrial/ NonFarm NonResidential	64,834	37.5
Consumer Loans and Credit Cards	25,613	14.8
Agricultural Loans/ Farmland	5,089	2.9
All Other	736	0.4
<b>Total</b>	<b>172,801</b>	<b>100.0</b>

As reflected in the preceding table, the bank’s existing loan portfolio is primarily concentrated in residential real estate and commercial loans. While commercial and industrial loans comprise a significant portion of the loan portfolio by dollar volume, the actual number of recent originations is relatively small in comparison to consumer loans. Based on the number of new loans recently originated by the bank, consumer motor vehicle secured loans were considered in the evaluation along with the bank’s reported residential mortgage loans.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

When evaluating the bank's performance, relevant area demographic data from the 2010 and 2015 American Community Survey (ACS) is used as a proxy for demand when evaluating the bank's lending 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. Because of the ACS data update schedule, ACS data from 2010 is used when considering the bank's activities in 2016, while ACS data from 2015 is used when evaluating activities during 2017.

Aggregate HMDA data from 2016 and 2017 is utilized when evaluating the bank's HMDA lending performance during 2016 and 2017, respectively. While both years of residential mortgage data were fully analyzed and considered in the evaluation, only bank and aggregate data from 2017 is reflected in the assessment area analysis tables. In instances where the bank's 2016 HMDA performance varies significantly from its performance in 2017, such variance and the corresponding impact on the overall performance is discussed. Unlike residential mortgage lending, consumer loan data is not reported or collected at an aggregate level. An analysis of lending during the review period is discussed in greater detail in subsequent sections of this evaluation.

When evaluating 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 assessment area conclusion regarding the distribution of lending, performance in each loan category is then generally weighted by the strength of performance and the dollar volume of such loans made in the assessment area. When the performance of multiple assessment areas is considered to reach the institution's rating, the overall level of performance from each assessment area subject to full-scope review is weighted primarily according to loan dollar volume within each area during the review period. At this evaluation, the bank's performance in the Page County, VA NonMSA assessment area drives the institution's overall rating, as a majority of the bank's loan volume is located within this area.

Overall, the bank's performance is rated Satisfactory. This rating considers the bank's loan-to-deposit ratio, level of lending in its assessment areas, borrower distribution performance, and geographic distribution performance. Each of these components is discussed in the following sections.

### **Loan-To-Deposit Ratio**

As of June 30, 2019, the institution's loan-to-deposit ratio equaled 92.8% and averaged 97.5% for the 21-quarter period ending June 30, 2019. The quarterly average loan-to-deposit ratios for all banks of similar size and operating in PB's assessment area, ranged from 75.6% to 100.9% for the 21-quarter period also ending June 30, 2019. Since March 31, 2014, the bank's assets, loans, and deposits have increased by 26.6%, 22.2%, and 34.3% respectively. PB's loan-to-deposit ratio is considered more than reasonable given the bank'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 and consumer motor vehicle secured loans included in the evaluation was considered. The lending distribution is represented in the following table for the combined assessment areas.

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

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	77	91.7	9,918	86.9	7	8.3	1,499	13.1
Home Improvement	26	92.9	1,649	91.8	2	7.1	148	8.2
Refinancing	39	88.6	5,419	85.5	5	11.4	917	14.5
Multi-Family Housing	4	80.0	1,308	70.4	1	20.0	550	29.6
<b>Total HMDA related</b>	<b>146</b>	<b>90.7</b>	<b>18,294</b>	<b>85.5</b>	<b>15</b>	<b>9.3</b>	<b>3,114</b>	<b>14.5</b>
Consumer Loans*	86	50.6	1,124	50.3	84	49.4	1,112	49.7
<b>TOTAL LOANS</b>	<b>232</b>	<b>70.1</b>	<b>19,418</b>	<b>82.1</b>	<b>99</b>	<b>29.9</b>	<b>4,226</b>	<b>17.9</b>

*\*The number and dollar amount of loans reflects a sample of such loans originated during the evaluation period and does not reflect loan data collected or reported by the institution.*

As previously noted, the evaluation includes two years of reported HMDA data and a sample of one year of motor vehicle secured loans. After accounting for this difference, a majority of both the number and dollar volume of loans considered in the evaluation were extended to residents 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 of Different Sizes**

The bank’s overall level of lending to borrowers of different incomes did not vary across its full-scope assessment areas. PB’s borrower distribution performance in both the Page County, VA NonMSA and the Charlottesville, VA assessment areas is considered reasonable; therefore, performance is considered reasonable overall.

**Geographic Distribution of Loans**

The bank’s overall level of lending in census tracts of different income levels did not vary across its full-scope assessment areas. The bank’s geographic distribution performance is considered excellent in the Page County, VA NonMSA and Charlottesville, VA assessment areas; therefore, performance is considered excellent overall.

While overall performance is excellent, geographic distribution performance carries lesser weight than borrower distribution performance in determining the bank’s overall Lending Test rating given the limited number of low- and moderate-income census tracts in the bank’s full-scope assessment areas.

**ASSESSMENT AREA DELINEATIONS**

A review of the bank’s assessment areas found that its delineations complied with the requirements of Regulation BB. Assessment area delineations included all of the bank’s branches and deposit taking automated teller machines. While one of the bank’s assessment area delineations includes less than an entire MSA, the delineated area contained whole geographies, did not reflect illegal discrimination (e.g. through the exclusion of majority-minority census tracts), and did not arbitrarily exclude low- or moderate-income census tracts.

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

**NONMETROPOLITAN AREA**

*(If some or all of the assessment areas within the nonmetropolitan statewide area were reviewed using full-scope review)*

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN PAGE COUNTY, VA NONMSA**

The Page County, VA NonMSA assessment area is located in Virginia's northern Shenandoah Valley and includes all census tracts in Page County. The bank operates three full-service branches within the county.

According to 2010 ACS data, the market has a population of 24,042 and a median housing value of \$168,654. The owner-occupancy rate for the market equals 63.3%, which is slightly higher than the rates in nonmetropolitan areas of Virginia and in the Commonwealth of Virginia, at 59.9% and 61.8%, respectively. In the assessment area, 9.1% of families are considered below the poverty level, which is lower than the percentage for nonmetropolitan areas of Virginia (11.8%), but higher than the poverty rate within the Commonwealth (7.2%). The HUD estimated median family income for the nonmetropolitan areas of Virginia equaled \$52,300 in 2016. The following table provides pertinent demographic data for the assessment area based on 2010 ACS data.

**Assessment Area Demographics**

Page County, VA NonMSA (Based on 2010 ACS Data and 2016 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,187	18.2
Moderate	1	20.0	1,765	27.0	311	17.6	1,200	18.4
Middle	2	40.0	2,319	35.5	253	10.9	1,306	20.0
Upper	2	40.0	2,449	37.5	29	1.2	2,840	43.4
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>5</b>	<b>100.0</b>	<b>6,533</b>	<b>100.0</b>	<b>593</b>	<b>9.1</b>	<b>6,533</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	1,791	18.6
Moderate	1,694	23.3	2,524	26.2	529	21.0	1,874	19.5
Middle	2,648	36.4	3,276	34.0	359	11.0	1,627	16.9
Upper	2,940	40.3	3,829	39.8	249	6.5	4,337	45.0
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>7,282</b>	<b>100.0</b>	<b>9,629</b>	<b>100.0</b>	<b>1,137</b>	<b>11.8</b>	<b>9,629</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	162	16.3	149	16.0	10	20.4	3	20.0
Middle	318	32.0	303	32.6	10	20.4	5	33.3
Upper	514	51.7	478	51.4	29	59.2	7	46.7
NA	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>994</b>	<b>100.0</b>	<b>930</b>	<b>100.0</b>	<b>49</b>	<b>100.0</b>	<b>15</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			93.6		4.9		1.5

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

The ACS data was updated in 2015. Based on the updated ACS data, the market has a population of 23,843 and a median housing value of \$175,994. The owner-occupancy rate for the market equals 56.7%, which is slightly lower than the rates in nonmetropolitan areas of Virginia and in the Commonwealth of Virginia, at 57.3% and 59.2%, respectively. In the assessment area, 12.4% of families are considered below the poverty level, which is lower than the percentage for nonmetropolitan areas of Virginia (13.4%), but higher than the poverty rate within the Commonwealth (8.2%). The HUD estimated median family income for nonmetropolitan areas of Virginia equaled \$53,300 in 2017. The table below provides pertinent demographic data for the assessment area based on 2015 ACS data.

**Assessment Area Demographics**

<b>Page County, VA NonMSA</b> (Based on 2015 ACS Data and 2017 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,205	18.1
Moderate	0	0.0	0	0.0	0	0.0	1,365	20.5
Middle	5	100.0	6,673	100.0	830	12.4	1,547	23.2
Upper	0	0.0	0	0.0	0	0.0	2,556	38.2
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>5</b>	<b>100.0</b>	<b>6,673</b>	<b>100.0</b>	<b>830</b>	<b>12.4</b>	<b>6,673</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	1,936	20.7
Moderate	0	0.0	0	0.0	0	0.0	1,309	14.0
Middle	6,596	100.0	9,372	100.0	1,425	15.2	1,888	20.1
Upper	0	0.0	0	0.0	0	0.0	4,239	45.2
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>6,596</b>	<b>100.0</b>	<b>9,372</b>	<b>100.0</b>	<b>1,425</b>	<b>15.2</b>	<b>9,372</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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	904	100.0	842	100.0	47	100.0	15	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>904</b>	<b>100.0</b>	<b>842</b>	<b>100.0</b>	<b>47</b>	<b>100.0</b>	<b>15</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			93.1		5.2		1.7

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

Employment opportunities in the assessment area are driven by government, retail services, manufacturing, and to a lesser extent yet increasingly, tourism. Major employers within the assessment area include Page County School Board, Valley Health System, VF Jeanwear, Masonite Corporation (manufacturing), and County of Page. Many area residents also commute to nearby Rockingham County and the City of Harrisonburg for employment opportunities, including James Madison University, a large public university in the region. Unemployment rates as of July of each year dating back to 2014 are presented in the following table.

Geographic Area	July 2014	July 2015	July 2016	July 2017	July 2018	July 2019
Page County	7.1%	6%	4.7%	4.3%	3.5%	3.2%
Commonwealth of Virginia	5.5%	4.5%	4.3%	3.8%	3.1%	2.9%

As indicated in the preceding table, the unemployment rate for Page County has steadily declined during the review period, but continues to slightly exceed the rate for the Commonwealth of Virginia, indicative of an improving, but comparatively weaker local economy.

An economic development official was contacted during the evaluation to discuss the local economic conditions and credit needs of the community. The contact indicated that the area is a distressed community lacking in small business to sustain growth. While the area unemployment rate is only slightly higher than the Commonwealth of Virginia, unemployment surges during the winter months are attributable to downturns in tourism. Additionally, she stated local financial institutions are instrumental for local businesses; however, they are at capacity to sustain the community. She opined that local financial institutions are adequately meeting the overall credit needs of the community.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

Within the assessment area, PB originated \$4.2 million in HMDA loans during 2017 and an estimated \$2.3 million in consumer motor vehicle secured loans during 2018. Given the larger volume of HMDA lending, performance for this product is generally weighted more heavily when considering the bank’s combined product performance.

**Lending to Borrowers of Different Incomes**

PB’s borrower distribution performance for HMDA and consumer motor vehicle secured lending is considered reasonable overall.

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

Page County, VA NonMSA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
<b>HMDA Totals</b>								
Low	3	8.1	259	6.6	29	6.3	2,854	4.0
Moderate	6	16.2	299	7.6	98	21.2	11,474	16.2
Middle	6	16.2	650	16.5	103	22.2	13,599	19.2
Upper	22	59.5	2,737	69.3	233	50.3	43,031	60.6
<b>Total</b>	<b>37</b>	<b>100.0</b>	<b>3,945</b>	<b>100.0</b>	<b>463</b>	<b>100.0</b>	<b>70,958</b>	<b>100.0</b>
Unknown	2		227		104		16,655	

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

While the bank’s 2017 HMDA lending to low-income borrowers (8.1%) lagged the percentage of low-income families in the assessment area (18.1%), it exceeded the aggregate lending level (6.3%). PB’s lending to moderate-income borrowers (16.2%) was below the percentage of moderate-income families in the area (20.5%) and the aggregate lending level (21.2%); however, the level of lending is considered reasonable. The bank’s overall performance is considered reasonable during 2017.

During 2016, the bank originated 51 mortgage loans totaling \$4.5 million within the assessment area for which borrower income was known. Of these loans, six (11.8%) totaling \$254,000 (5.7%) were originated to low-income borrowers. The bank’s level of lending to low-income borrowers lagged the percentage of low-income families (18.2%) in the assessment area, but exceeded the aggregate lending level (8.6%). The bank originated ten loans (19.6%) totaling \$562,000 (12.5%) to moderate-income borrowers. The bank’s level of lending to moderate-income borrowers exceeded the percentage of moderate-income families (18.4%) as well as the aggregate lending level (15.5%). PB’s level of lending is considered excellent during 2016.

Overall, the bank’s HMDA borrower distribution performance is considered reasonable based on comparable volumes of lending, and when considering the strengths of performance in each year.

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

Page County, VA NonMSA (2018)				
Income Categories	Consumer Loans			
	#	%	\$(000s)	% \$
Low	5	12.8	44	7.9
Moderate	6	15.4	39	7.0
Middle	16	41.0	238	42.8
Upper	12	30.8	235	42.3
<b>Total</b>	<b>39</b>	<b>100.0</b>	<b>556</b>	<b>100.0</b>
Unknown	0		0	

*Percentage's (%) are calculated on all loans where incomes are known*

The bank’s level of consumer lending to low-income borrowers (12.8%) lagged the percentage of low-income households (20.7%) in the assessment area, while its lending to moderate-income borrowers (15.4%) exceeded the percentage of such households (14%) in the assessment area. According to ACS data from 2015, 15.2% of area households are below the poverty level. Given its level of lending to low- and moderate-income borrowers, the bank’s consumer motor vehicle secured lending performance is considered reasonable.

**Geographic Distribution of Loans**

PB’s geographic distribution performance is considered excellent based solely on HMDA lending performance during 2016. According to the 2015 ACS data, all five census tracts in the assessment area are designated as middle-income, precluding the geographic distribution analysis of 2017 HMDA and 2018 consumer motor vehicle secured loans.

Based on 2010 ACS data, the assessment area previously contained one moderate-, two middle-, and two upper-income tracts. During 2016, the bank reported a total of 54 HMDA loans in this assessment area totaling \$5 million, of which 25 loans (46.3%) totaling \$2.3 million (45.5%) were located in the area’s one moderate-income census tract. This level of lending substantially exceeded both the proportion of owner-occupied housing units located in the tract (23.3%) and the aggregate lending level (22.3%). The bank’s performance is considered excellent.

Due to the inability to evaluate geographic distribution performance for 2017 and 2018, this component of the Lending Test will receive less weight when determining the institution’s overall performance.

## **METROPOLITAN AREAS**

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

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

The Charlottesville, VA assessment area is located in central northwestern Virginia and includes the following city and counties in the Charlottesville, VA MSA: City of Charlottesville, Albemarle County and Greene County. Greene County is adjacent to Page County, the bank's nonMSA assessment area. The remaining counties in Charlottesville, VA MSA lie further south and west of Page County, and are not considered to be arbitrarily excluded from delineation. The bank operates three full-service branches within the assessment area.

According to 2010 ACS data, the area has a population of 160,848 and a median housing value of \$309,714. The owner-occupancy rate for the market equals 54.7%, which is slightly lower than the rates in the entire Charlottesville, VA MSA and in the Commonwealth of Virginia, at 57.1% and 61.8%, respectively. In the assessment area, 5.8% of families are considered below the poverty level, which is lower than the percentage for the entire MSA (6.7%) as well as the Commonwealth (7.2%). The HUD estimated median family income for the Charlottesville MSA equaled \$77,000 in 2016. The following table provides pertinent demographic data for the assessment area based on 2010 ACS data.

**Assessment Area Demographics**

Charlottesville, VA (Based on 2010 ACS Data and 2016 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	5.4	477	1.3	160	33.5	7,106	19.7
Moderate	6	16.2	4,417	12.2	573	13.0	5,688	15.8
Middle	16	43.2	18,755	52.0	890	4.7	7,226	20.0
Upper	12	32.5	12,444	34.5	486	3.9	16,082	44.5
NA	1	2.7	9	0.0	0	0.0		
<b>Total</b>	<b>37</b>	<b>100.0</b>	<b>36,102</b>	<b>100.0</b>	<b>2,109</b>	<b>5.8</b>	<b>36,102</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	281	0.8	3,003	4.9	1,543	51.4	14,477	23.6
Moderate	4,155	11.2	8,544	13.9	1,706	20.0	9,420	15.3
Middle	18,828	50.9	30,655	49.9	3,002	9.8	11,008	17.9
Upper	13,738	37.1	19,193	31.2	1,622	8.5	26,553	43.2
NA	8	0.0	63	0.1	54	85.7		
<b>Total</b>	<b>37,010</b>	<b>100.0</b>	<b>61,458</b>	<b>100.0</b>	<b>7,927</b>	<b>12.9</b>	<b>61,458</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	207	2.3	180	2.2	26	3.5	1	1.3
Moderate	701	7.7	648	7.9	44	5.9	9	11.8
Middle	4,252	46.9	3,910	47.4	323	43.5	19	25.0
Upper	3,877	42.8	3,487	42.2	343	46.3	47	61.9
NA	29	0.3	23	0.3	6	0.8	0	0.0
<b>Total</b>	<b>9,066</b>	<b>100.0</b>	<b>8,248</b>	<b>100.0</b>	<b>742</b>	<b>100.0</b>	<b>76</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				91.0		8.2		0.8

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

ACS data was updated in 2015. Based on the updated ACS data, the area has a population of 167,130 and a median housing value of \$291,620. The owner-occupancy rate for the market equals 54%, which is slightly lower than the rates in the Charlottesville, VA MSA and in the Commonwealth of Virginia, at 56% and 59.2%, respectively. In the assessment area, 7.5% of families are considered below the poverty level, which is slightly lower than the percentage for the entire MSA (7.9%) and the Commonwealth (8.2%). The HUD estimated median family income for the Charlottesville MSA equaled \$74,100 in 2017. The following table provides pertinent demographic data for the assessment area based on 2015 ACS data.

**Assessment Area Demographics**

Charlottesville, VA (Based on 2015 ACS Data and 2017 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	5.4	1,164	3.1	239	20.5	7,360	19.5
Moderate	9	24.3	5,407	14.3	888	16.4	5,896	15.6
Middle	13	35.1	15,836	41.9	1,006	6.4	7,319	19.4
Upper	12	32.5	15,350	40.6	673	4.4	17,216	45.5
NA	1	2.7	34	0.1	34	100.0		
<b>Total</b>	<b>37</b>	<b>100.0</b>	<b>37,791</b>	<b>100.0</b>	<b>2,840</b>	<b>7.5</b>	<b>37,791</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	1,365	3.5	3,582	5.6	1,208	33.7	15,142	23.8
Moderate	4,420	11.5	12,027	18.9	2,745	22.8	9,772	15.3
Middle	16,566	43.0	24,989	39.2	2,442	9.8	11,012	17.3
Upper	16,163	42.0	23,066	36.2	2,124	9.2	27,790	43.6
NA	14	0.0	52	0.1	47	90.4		
<b>Total</b>	<b>38,528</b>	<b>100.0</b>	<b>63,716</b>	<b>100.0</b>	<b>8,566</b>	<b>13.4</b>	<b>63,716</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	296	3.6	251	3.4	45	6.0	0	0.0
Moderate	1,067	13.0	934	12.6	122	16.3	11	15.3
Middle	2,977	36.3	2,736	37.0	223	29.7	18	25.0
Upper	3,842	46.8	3,445	46.7	355	47.3	42	58.3
NA	27	0.3	21	0.3	5	0.7	1	1.4
<b>Total</b>	<b>8,209</b>	<b>100.0</b>	<b>7,387</b>	<b>100.0</b>	<b>750</b>	<b>100.0</b>	<b>72</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				90.0		9.1		0.9

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

Census tract designation only varied slightly following the ACS update, with a trend of less middle-income tracts and more moderate-income tracts. Both the number of low- and upper-income tracts remained stable. Employment opportunities in the assessment area are afforded primarily by the University of Virginia, medical institutions, and government. Major employers for Albemarle County include University of Virginia/Blue Ridge Hospital, County of Albemarle and Sentara Healthcare. Greene County major employers include Greene County School Board, Wal-Mart and the County of Greene. Major employers in the City of Charlottesville include the University of Virginia Medical Center, the City of Charlottesville, and UVA Health Services. The City of Charlottesville contains the University of Virginia which is considered a large public university.

Geographic Area	July 2014	July 2015	July 2016	July 2017	July 2018	July 2019
Albemarle County	5.1%	4.1%	4%	3.6%	2.8%	2.7%
Greene County	4.8%	3.8%	3.5%	3.3%	2.7%	2.5%
City of Charlottesville	4.9%	4%	3.8%	3.6%	2.8%	2.6%
Virginia	5.5%	4.5%	4.3%	3.8%	3.1%	2.9%

As indicated in the table above, the unemployment rates in both the counties and the City of Charlottesville remain below the rate for the Commonwealth of Virginia. The rates have trended downward at a similar pace as the Commonwealth. The relatively low unemployment rates below the statewide average are indicate that the rate in the assessment area has a comparatively stronger economy.

An affordable housing official was contacted during the evaluation to discuss the local economic conditions and credit needs of the community. The contact opined that local residents typically seek employment in Charlottesville due to relative economic stability in the area. The City of Charlottesville’s unemployment rate has historically been below the statewide rate, which the contact attributed to the University of Virginia and its affiliated health system. She stated that local financial institutions are active and remain competitive in the market and overall are adequately meeting the credit needs of the community.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

Within the assessment area, the bank originated \$3.2 million in HMDA loans during 2017 and an estimated \$1.3 million in consumer motor vehicle secured loans during 2018. Accordingly, the bank’s HMDA lending is generally weighted more heavily when considering the bank’s combined product performance.

**Lending to Borrowers of Different Incomes**

The bank’s HMDA borrower distribution performance is considered reasonable overall, while consumer motor vehicle secured performance is considered excellent. With greater weight placed on HMDA lending, the bank’s borrower distribution performance is considered reasonable overall.

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

Charlottesville, VA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
<b>HMDA Totals</b>								
Low	0	0.0	0	0.0	245	5.8	27,161	2.2
Moderate	1	12.5	40	2.0	679	16.0	120,738	9.8
Middle	2	25.0	420	21.1	856	20.2	194,503	15.7
Upper	5	62.5	1,526	76.9	2,457	58.0	893,146	72.3
<b>Total</b>	<b>8</b>	<b>100.0</b>	<b>1,986</b>	<b>100.0</b>	<b>4,237</b>	<b>100.0</b>	<b>1,235,548</b>	<b>100.0</b>
Unknown	4		1,195		725		279,751	

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

The bank’s lack of lending during 2017 to low-income borrowers (0%) significantly lagged both the percentage of low-income families in the assessment area (19.5%) and the aggregate lending level (5.8%). Bank lending to moderate-income borrowers (12.5%) was below both the percentage of moderate-income families (15.6%) in the area and the aggregate lending level (16%). Overall, the 2017 HMDA performance is considered poor.

During 2016, PB reported extending 15 loans totaling \$1.7 million within the bank’s assessment area for which borrower income was known. Of these loans, four (26.7%) totaling \$428,000 (25.2%) were extended to low-income borrowers, which substantially exceeded both the percentage of low-income families within the assessment area (19.7%) and the aggregate level of lending to such borrowers (6.5%). PB's lending to moderate-income borrowers (13.3%) was similar to both the percentage of moderate-income families within the assessment area (15.8%) and the aggregate level of lending to such borrowers (16.3%). PB’s HMDA performance during 2016 is considered excellent primarily due to the strength of its lending to low-income borrowers.

On a combined basis when considering the dollar volume of loans and the relative strengths of performance in each year, the overall HMDA borrower distribution performance is considered reasonable.

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

Charlottesville, VA (2018)				
Income Categories	#	Consumer Loans		
		%	\$(000s)	% \$
Low	15	57.7	152	47.5
Moderate	8	30.8	121	37.8
Middle	2	7.7	39	12.2
Upper	1	3.8	8	2.5
<b>Total</b>	<b>26</b>	<b>100.0</b>	<b>320</b>	<b>100.0</b>
Unknown	0		0	

*Percentage's (%) are calculated on all loans where incomes are known*

The bank’s level of consumer lending to low-income borrowers (57.7%) significantly exceeded the percentage of low-income households (23.8%) in the assessment area, and its lending to moderate-income borrowers (30.8%) also significantly exceeded the percentage of such households (15.3%) in the assessment area. Given its level of lending to low- and moderate-income borrowers, the bank’s consumer motor vehicle secured lending performance is considered excellent.

**Geographic Distribution of Loans**

PB’s HMDA geographic distribution performance is considered excellent, while consumer motor vehicle secured performance is considered reasonable. Overall, the bank’s geographic distribution performance is considered excellent with greater weight given to HMDA lending.

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

Charlottesville, VA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(7) Home Purchase				(3,171)			
Low	0	0.0	0	0.0	144	4.5	35,774	3.5
Moderate	2	28.6	475	23.6	352	11.1	81,168	8.0
Middle	4	57.1	840	41.7	1,267	40.0	374,157	37.0
Upper	1	14.3	697	34.7	1,407	44.4	519,769	51.5
	(1) Refinance				(1,456)			
Low	0	0.0	0	0.0	44	3.0	9,152	2.3
Moderate	1	100.0	120	100.0	178	12.2	39,668	10.1
Middle	0	0.0	0	0.0	595	40.9	145,924	37.3
Upper	0	0.0	0	0.0	639	43.9	196,952	50.3
	(3) Home Improvement				(315)			
Low	0	0.0	0	0.0	11	3.5	1,393	3.5
Moderate	0	0.0	0	0.0	40	12.7	3,601	9.1
Middle	2	66.7	429	75.4	154	48.9	19,607	49.3
Upper	1	33.3	140	24.6	110	34.9	15,145	38.1
	(1) Multi-Family				(20)			
Low	0	0.0	0	0.0	2	10.0	5,193	7.1
Moderate	0	0.0	0	0.0	6	30.0	10,851	14.9
Middle	1	100.0	480	100.0	4	20.0	9,950	13.7
Upper	0	0.0	0	0.0	8	40.0	46,875	64.3
	HMDA Totals							
Low	0	0.0	0	0.0	201	4.1	51,512	3.4
Moderate	3	25.0	595	18.7	576	11.6	135,288	8.9
Middle	7	58.3	1,749	55.0	2,020	40.7	549,638	36.3
Upper	2	16.7	837	26.3	2,164	43.6	778,741	51.4
NA*	0	0.0	0	0.0	1	0.0	120	0.0
<b>Total</b>	<b>12</b>	<b>100.0</b>	<b>3,181</b>	<b>100.0</b>	<b>4,962</b>	<b>100.0</b>	<b>1,515,299</b>	<b>100.0</b>

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

During 2017, home purchase loans were the leading HMDA product for both PB and aggregate lenders. Refinance lending was the second leading product for the aggregate reporters, while home improvement lending was second for the bank. Given the limited volume of reported multi-family housing transactions within the assessment area, this loan type was given the least weight when considering the bank's overall performance. Considering both demographic and aggregate proxies for demand, the bank's performance for home purchase and refinance lending are considered excellent, while home improvement lending is poor.

On a combined basis, the bank's lack of HMDA lending in low-income census tracts (0%) lagged the aggregate lending level (4.1%) as well as the percentage of owner-occupied housing units located in such tracts (3.5%). Conversely, the bank's lending in moderate-income census tracts (25%) substantially exceeded both the aggregate lending level (11.6%) and the percentage of owner-occupied housing units located in such tracts (11.5%). The bank's 2017 HMDA performance is considered excellent, and 2016 HMDA lending performance is similar.

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

Charlottesville, VA (2018)				
Income Categories	Consumer Loans			
	#	%	\$(000s)	% \$
Low	1	3.8	10	3.0
Moderate	4	15.4	36	11.4
Middle	17	65.4	205	64.1
Upper	4	15.4	69	21.5
NA*	0	0.0	0	0.0
<b>Total</b>	<b>26</b>	<b>100.0</b>	<b>320</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.*

Originations and Purchases

The bank's 2018 consumer lending in low-income census tracts (3.8%) slightly lagged the percentage of low-income households in such tracts (5.6%). PB's lending in moderate-income census tracts (15.4%) also slightly lagged the percentage of households in such tracts of the assessment area (18.9%). Overall, the performance is considered to be reasonable.

**METROPOLITAN AREAS**

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

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN METROPOLITAN AREAS**

An assessment area, which is noted in the table below, was reviewed using the limited review examination procedures. Information detailing the composition of the assessment area, including selected demographic data, is included in **APPENDIX A** of this report.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

Facts and data reviewed for each assessment area, including performance and demographic information, can be found in **APPENDIX A** of this evaluation. A conclusion regarding performance, which did not impact the institution’s overall rating, is included in the following table. The conclusion conveys whether performance in an assessment area was generally below, consistent with, or exceeded the institution's overall rating.

<b>Assessment Area</b>	<b>Lending Test</b>
Harrisonburg, VA MSA	Consistent

**CRA APPENDIX A  
LIMITED REVIEW TABLES**

**Harrisonburg, VA**

The bank takes the entirety of the Harrisonburg, VA MSA which includes the City of Harrisonburg and Rockingham County. The bank operates one branch within this assessment area.

**Performance Test Data for Harrisonburg, VA MSA Assessment Area**

**Limited Review Lending Table**

Harrisonburg, VA MSA (2017)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	<b>Home Purchase</b>				<b>Home Improvement</b>			
<i>Geographic</i>	<b>(4)</b>				<b>(0)</b>			
Low	0	0.0	2.3	0.4	0	0.0	0.0	0.4
Moderate	1	25.0	13.7	10.0	0	0.0	14.8	10.0
Middle	2	50.0	68.7	76.9	0	0.0	64.8	76.9
Upper	1	25.0	15.3	12.7	0	0.0	20.5	12.7
	<b>Refinance</b>				<b>Multi-Family</b>			
<i>Geographic</i>	<b>(2)</b>				<b>(0)</b>			
Low	0	0.0	0.5	0.4	0	0.0	7.1	0.4
Moderate	0	0.0	9.6	10.0	0	0.0	28.6	10.0
Middle	2	100.0	73.9	76.9	0	0.0	64.3	76.9
Upper	0	0.0	16.0	12.7	0	0.0	0.0	12.7
	<b>HMDA Totals</b>				<b>Consumer (2018)</b>			
<i>Geographic</i>	<b>(6)</b>				<b>(21)</b>			
Low	0	0.0	1.7	0.4	0	0.0	NA	3.0
Moderate	1	16.7	12.6	10.0	6	28.6	NA	15.6
Middle	4	66.7	70.1	76.9	14	66.7	NA	70.3
Upper	1	16.7	15.6	12.7	1	4.8	NA	11.1
<i>Borrower</i>	<b>(4)</b>				<b>(21)</b>			
Low	0	0.0	8.0	18.6	7	33.3	NA	22.9
Moderate	0	0.0	23.7	19.4	4	19.0	NA	16.7
Middle	1	25.0	27.1	22.7	7	33.3	NA	19.0
Upper	3	75.0	41.1	39.3	3	14.3	NA	41.4

*Geographic ( ) represents the total number of bank loans for the specific Loan Purpose where geography is known  
Borrower ( ) represents the total number of bank loans for the specific Loan Purpose where income is known  
NA represents no activity in the income category*

Though based on limited lending volume, the geographic distribution of lending is considered excellent overall within the assessment area, while the borrower distribution is considered poor overall. On a combined basis, the bank's lending performance is considered reasonable and consistent with performance in the full-scope assessment areas.

**CRA APPENDIX B**

**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, 2019, while the loan volume includes all HMDA and a sample of consumer motor vehicle secured loans considered in the evaluation.

Assessment Area	Loan Volume				Branches		Deposit Volume	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Charlottesville, VA	59	25.4%	\$7,056	36.3%	3	42.9%	\$25,670	14%
Page County NonMSA VA	132	56.9%	\$9,763	50.3%	3	42.9%	\$146,744	79.9%
Harrisonburg, VA MSA	41	17.7%	\$2,600	13.4%	1	14.2%	\$11,305	6.1%
<b>TOTAL</b>	<b>232</b>	<b>100%</b>	<b>\$19,419</b>	<b>100%</b>	<b>7</b>	<b>100%</b>	<b>\$183,719</b>	<b>100%</b>

## CRA APPENDIX C

### 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 secured 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.