



PUBLIC DISCLOSURE

October 19, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

THE BANK OF MARION

MARION, 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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858528

102 West Main Street

Marion, Virginia 24354

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: The Bank of Marion is rated "**SATISFACTORY.**"

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

PERFORMANCE LEVELS	<u>The Bank of Marion</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

Major factors supporting the institution's rating include:

- Within Virginia, the bank's lending levels reflect excellent responsiveness to assessment area credit needs; however, its lending levels within Tennessee reflect poor responsiveness to assessment area credit needs. Overall, the bank's lending activity is consistent with its capacity and reflects good responsiveness to its assessment area credit needs.
- During the review period, a substantial majority of the bank's Home Mortgage Disclosure Act (HMDA) and small business/farm loans were originated within its combined assessment areas.
- The bank's geographic distribution performance is considered good in Virginia and poor in Tennessee. Given that its operations are concentrated in Virginia, the bank's overall geographic distribution performance is good.
- The bank's borrower distribution performance is considered excellent in Virginia and adequate in Tennessee. Given that its operations are concentrated in Virginia, the bank's overall borrower distribution performance is considered excellent.
- During the evaluation period, the bank made a low level of community development loans within its assessment areas.
- The bank maintains an adequate level of qualified community development investments when considering available opportunities and bank capacity.

- Delivery systems and branch locations are accessible to all segments of the bank's assessment areas.
- Within Virginia, the bank provided a relatively high number of community development services, while in Tennessee it provided few, if any community development services. Overall, the level of community development services is considered good.
- There have been no complaints regarding the bank's CRA performance since its previous CRA evaluation.

INSTITUTION

DESCRIPTION OF INSTITUTION

The Bank of Marion (BOM) is headquartered in Marion, Virginia, and operates 17 branch offices, most under different names (e.g. The Bank of Marion, The Bank of Saltville, and Tri-City Community Bank), in southwest Virginia and northeast Tennessee. Of the 17 branches, one is a mortgage center, and one is a financial services and commercial lending office, both of which are located in Marion, Virginia. BOM is a subsidiary of Southwest Virginia Bankshares, a single-bank holding company, which is also headquartered in Marion, Virginia. Other than its affiliation with the holding company, the bank has no affiliates or subsidiaries. BOM received a Satisfactory rating at its previous CRA evaluation dated June 19, 2017. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment areas.

As of June 30, 2020, the bank had assets totaling \$449.6 million, of which 59.1% were net loans and 31.7% were securities. Deposits totaled \$387.8 million for the same time period. Various credit products are available through the institution, including small business, commercial, consumer, and real estate secured loans. Additionally, in April 2020, the Small Business Administration (SBA) created the Paycheck Protection Program (PPP). This program was designed to provide direct incentive for small businesses, allow workforces to remain employed, and promote economic stability during the Coronavirus (COVID-19) crisis. From April through the beginning of August, BOM originated 476 PPP loans totaling approximately \$21.8 million. The bank originated one PPP loan that qualified as a community development loan in the Kingsport-Bristol, VA assessment area totaling \$1.7 million.

In addition to the PPP, the bank implemented various services in response to the pandemic. On a case-by-case basis in order to provide temporary relief to impacted customers, the bank granted extensions and deferred payments on all loan types and credit cards as well as waived credit card fees and extended credit card limits. Foreclosures and repossessions were put on hold, and the bank waived overdraft fees on checking accounts and paused early withdrawal penalties on certificates of deposits and Christmas Club accounts. As the bank has many customers who have high cash/coin accounts, another service the bank implemented was a coin collection program across all branch offices in response to the national coin shortage.

The composition of the bank’s loan portfolio (gross loans) as of June 30, 2020, is represented in the following table.

Composition of Loan Portfolio

Loan Type	6/30/2020	
	\$(000s)	%
Secured by 1-4 Family dwellings	143,459	53.4
Multifamily	4,593	1.7
Construction and Development	4,832	1.8
Commercial & Industrial/ NonFarm NonResidential	75,286	28.0
Consumer Loans and Credit Cards	13,732	5.1
Agricultural Loans/ Farmland	20,763	7.7
All Other	6,150	2.3
Total	268,815	100.0

As indicated in the table, BOM is an active residential mortgage and commercial lender. The bank offers other loans, such as consumer and farm loans; however, the volume of such lending is relatively small in comparison to its residential mortgage and commercial and industrial lending.

BOM serves three assessment areas within Virginia and Tennessee. The Smyth County, VA NonMSA and the Kingsport-Bristol, VA assessment areas are contiguous, while the Johnson City, TN assessment area is located approximately ten miles south of these two assessment areas. The following table reflects the composition of the bank’s assessment areas.

Assessment Area Name	City/County	State	Census Tracts Included
Smyth County, VA NonMSA	Smyth County	VA	All
	Russell County	VA	All
	Wythe County	VA	All
Kingsport-Bristol, VA	Washington County	VA	All
	Scott County	VA	All
	Bristol City	VA	All
Johnson City, TN	Washington County	TN	0601.00-0605.02, 0607.00-0617.02, 0620.00

Although the Kingsport-Bristol, TN-VA MSA includes portions of both Virginia and Tennessee, the bank’s branches within this assessment area are all located in Virginia. The bank’s presence in Tennessee is limited to the Johnson City, TN assessment area. During the evaluation period, the bank did not close any branch offices; however, it did open the Regional Mortgage Center which is located in Marion, Virginia near the bank’s main office in the Smyth County, VA NonMSA assessment area.

SCOPE OF EXAMINATION

Although eligible to be evaluated as an intermediate small bank, BOM voluntarily collects and reports CRA data and elected to be evaluated using the interagency examination procedures developed by the Federal Financial Institutions Examination Council (FFIEC) for large institutions. Consistent with these procedures, HMDA, small business, and small farm lending activity reported by the institution from January 1, 2018, through December 31, 2019, was reviewed. In addition, BOM’s community development lending activity since the date of the prior evaluation (June 19, 2017) is also considered in this evaluation.

All qualified community development services provided since the previous evaluation, along with all qualified investments made during this 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 specific assessment areas, the CRA public evaluations of other financial institution’s operating in these areas were reviewed. Also, in some markets, members of the community were contacted to discern information about local economic conditions, local credit needs, performance of local financial institutions, and potential community development opportunities.

Considering relative size as determined by loan activity, proportion of bank deposits, distribution of branch offices, and market population, full-scope evaluation procedures were applied to the following assessment areas:

- Smyth County, VA NonMSA Assessment Area
- Johnson City, TN Assessment Area

The bank's remaining assessment area, Kingsport-Bristol, VA, was subject to the limited review examination procedures provided for by the FFIEC. According to these procedures, a determination was made as to whether or not the performance in the limited scope assessment area was consistent with the assigned overall state rating. **Appendix A** and **B** include information that summarizes the evaluation's scope and assigned state ratings.

During the evaluation period, the Office of Management and Budget (OMB) designations changed the metropolitan statistical area (MSA) name of the limited review assessment area; however, there were no changes to the assessment area's delineation. Per the performance evaluation, specifically for the year 2018, the assessment area will be addressed as Kingsport-Bristol-Bristol, VA, and for the year 2019 and forward, the assessment area will be addressed as Kingsport-Bristol, VA.

While BOM delineates two partial MSA assessment areas, the delineations contain the institution's branches and a majority of its lending activity during 2018 and 2019. The institution takes whole cities and counties within its assessment areas, with one exception of a partial county, Washington County, TN. The partial county does not exclude any low-and moderate- income or majority-minority census tracts. Overall, the bank does not arbitrarily exclude low- and moderate- income or majority-minority census tracts.

Due to the bank's branch locations, an overall rating and ratings for the lending, investment, and service tests are assigned to the institution, the Commonwealth of Virginia, and the State of Tennessee. The state ratings are based on the performance in the assessment areas subject to full-scope review as well as activities that benefit multiple assessment areas or statewide areas. When assigning the overall state rating, primary consideration is given to the dollar volume each full-scope market contributes to the overall activity considered in the evaluation. In all cases, conclusions also take into consideration relevant performance context factors.

The institution's overall rating for each test is based on the ratings assigned to the Commonwealth of Virginia and the State of Tennessee, and these rating are weighed primarily according to bank activity in each state as measured by relative lending volume, amount of deposits, and the number of branches. According to the evaluation procedures, the lending test performance accounts for half of the overall rating, while the investment and service test are equally weighted and account for the remaining half of the overall rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

When evaluating the bank's HMDA performance, relevant area demographic data from the American Community Survey (ACS) is used as a proxy for demand. While ACS data is collected and published by the U.S. Census Bureau on an annual basis, the demographic data relied upon in this performance evaluation is based on ACS data that is updated once every five years. The most recent update occurred in 2015. As such, the ACS data from 2015 is used when evaluating the bank's performance. Dun & Bradstreet (D&B) business demographic data from 2018 and 2019 is also considered when evaluating the bank's small business performance.

Aggregate loan data used as a proxy for demand when evaluating the bank's HMDA lending includes all activity reported by lenders subject to reporting HMDA data that originated such loans within the bank's assessment areas. Similarly, the aggregate small business lending data includes all lenders subject to reporting small business data.

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

the performance noted during 2018, such variances and the corresponding impact on the overall performance are discussed.

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 or purchased. To arrive at an overall assessment area level 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. An analysis of lending during the review period is discussed in greater detail in subsequent sections of this evaluation.

LENDING TEST

Overall, the bank's lending test is rated High Satisfactory based on its lending activity, assessment area concentration, geographic and borrower lending distribution performances, and the level of community development lending. It also reflects greater weight to the performance in the Commonwealth of Virginia due to the bank's significantly greater presence in the Smyth County, VA NonMSA assessment area.

The components of each test are discussed in the following sections. All conclusions also take into consideration relevant performance context factors.

Lending Activity:

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

Summary of Lending Activity

Loan Type	#	%	\$(000)	% of \$
Home Improvement	30	2.3	1,264	1.1
Home Purchase	270	20.3	28,427	23.7
Multi-Family Housing	4	0.3	1,282	1.1
Refinancing	237	17.8	24,013	20.0
Loan Purpose Not Applicable	0	0	0	0
Other Purpose Closed-End	47	3.5	2,187	1.8
Other Purpose LOC	0	0	0	0
Total HMDA related	588	44.2	57,173	47.6
Small Business	407	30.6	45,015	37.5
Small Farm	334	25.1	17,996	15.0
TOTAL LOANS	1,329	100	120,184	100

BOM's lending levels vary within each assessment area, but overall reflect a good responsiveness to credit needs based on the total number and dollar volume of loans analyzed under the Lending Test. Since March 31, 2017, the bank's assets, loans, and deposits have increased by 19.5%, 33%, and 17.7%, respectively. Residential mortgage lending is the bank's primary lending product with 47.6% of the lending activity by dollar volume during the evaluation period, the majority of which is home purchases and refinancings. Small business loans also make up a large portion of the bank's lending activity by dollar volume. While small farm lending is not one of the bank's primary lending products, the number (25.1%) and dollar volume (15%) of loans is comparable to lenders in the bank's assessment areas.

Assessment Area Concentration:

The following table includes all HMDA, small business, and small farm loans reported by the institution from January 1, 2018, through December 31, 2019. The data does not include large commercial loans (loan amounts in excess of \$1 million) or any other loan type not specified. 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	242	89.6	24,787	87.2	28	10.4	3,640	12.8
Home Improvement	29	96.7	1,229	97.2	1	3.3	35	2.8
Refinancing	215	90.7	21,338	88.9	22	9.3	2,675	11.1
Multi-Family Housing	4	100.0	1,282	100.0	0	0.0	0	0.0
Loan Purpose Not Applicable	0	0.0	0	0.0	0	0.0	0	0.0
Other Purpose Closed/Exempt	41	87.2	1,912	87.4	6	12.8	275	12.6
Other Purpose LOC	0	0.0	0	0.0	0	0.0	0	0.0
Total HMDA related	531	90.3	50,548	88.4	57	9.7	6,625	11.6
Small Business	382	93.9	41,543	92.3	25	6.1	3,472	7.7
Small Farm	321	96.1	17,427	96.8	13	3.9	569	3.2
TOTAL LOANS	1,234	92.9	109,518	91.1	95	7.1	10,666	8.9

As indicated in the table above, a substantial majority of the number (92.9%) and dollar amount (91.1%) of the loans considered in the evaluation were extended to residents of the bank’s assessment areas. Overall, the institution’s level of lending within its assessment areas is considered highly responsive to community credit needs.

Geographic and Borrower Distribution:

Throughout the analysis of lending, loans without a reported income (in the case of borrower distribution) and loans where the reported geographic information is incomplete (in the case of geographic distribution) are excluded from both bank totals and comparative aggregate lending totals.

Within the bank’s assessment areas, a high level of small business lending activity has been reported by specialized lenders, who often originate small business loans in the form of credit cards. These loans, however, tend to be much smaller in size than traditional small business bank loans, and revenue data is often not reported for a majority of these loans. The presence of these lenders is reflected in a smaller market share for traditional lenders and tends to understate the percentage of loans to businesses with annual revenues of \$1 million or less. Consequently, the presence of these lenders was considered as an aspect of performance context when evaluating the level and distribution of bank lending. Therefore, to better gauge performance, BOM’s lending is also compared to a group of traditional small business lenders that excludes the credit card/specialty lenders.

BOM’s geographic distribution performance (lending in low- and moderate-income census tracts) varies from poor to excellent within its Virginia assessment areas. After accounting for performance variations, the bank’s overall geographic distribution performance is considered good in Virginia, while its performance in Tennessee ranges from very poor to adequate and is considered poor overall.

The bank’s borrower distribution performance (lending to low- and moderate-income borrowers and small business/farms having annual revenues of \$1 million or less) varies from good to excellent and is considered excellent overall in Virginia. In Tennessee, BOM’s borrower distribution performance varies from very poor to good by product and year and is considered adequate overall for the state.

Community Development Lending:

Based on information from contacts made with individuals knowledgeable of credit needs within BOM's assessment areas and the review of performance evaluations of other banks in the institution's assessment areas, the availability of safe and sound community development loan opportunities varies by assessment area. Opportunities within the bank's primary market (Smyth County, VA NonMSA) are limited, while opportunities are reasonably available in the bank's two metropolitan assessment areas (Kingsport-Bristol, VA and Johnson City, TN assessment areas.) Ultimately, there are no meaningful constraints preventing the bank from originating community development loans.

The bank makes few, if any community development loans, as the bank did not report originating any community development loans during 2018 or 2019. In 2020, however, the bank did extend one PPP loan totaling approximately \$1.7 million which qualifies as a community development loan in the Kingsport-Bristol, VA assessment area. Otherwise, to the extent that the bank extended any community development loans, such loans were required to be reported as either small business/farm or HMDA loans and could not also be reported as community development loans.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated Low Satisfactory. As of June 30, 2020, the institution reported \$449.6 million in total assets and a securities portfolio totaling \$142.7 million. As of the date of the evaluation, BOM held approximately \$1.3 million in qualified investments and had contributed \$9,350 in qualified donations. Qualified investments, including donations, targeting specific statewide areas and/or assessment areas are discussed in conjunction with the evaluation of those areas.

SERVICE TEST

The bank's overall performance under the service test is rated High Satisfactory. Delivery systems, branch locations, and hours of operation are considered accessible to all portions of the assessment areas. Of the bank's 17 offices, four (including the Financial Services & Commercial Lending office and the Regional Mortgage Center) are located in moderate-income census tracts. Furthermore, as previously noted, the bank implemented various temporary services including extensions, payment deferrals, and fee waivers on various products, as well as a coin collection service in response to the COVID-19 global pandemic crisis.

Within Virginia, the bank and its employees participate in a relatively high level of community development services. However, in Tennessee, BOM did not participate in any qualified community development services during the evaluation period. Consistent with the distribution of loans, deposits, and branch offices, the bank's performance in the Commonwealth of Virginia drives the institution's overall service test rating. Discussion of specific activities is included in each assessment area.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

COMMONWEALTH OF VIRGINIA

CRA RATING FOR VIRGINIA: SATISFACTORY

The lending test is rated: HIGH SATISFACTORY

The investment test is rated: LOW SATISFACTORY

The service test is rated: HIGH SATISFACTORY

Major factors supporting the rating include:

- Within Virginia, the bank's lending levels reflect excellent responsiveness to assessment area credit needs.
- The bank's geographic distribution performance varies by product and year, and is considered good overall.
- The bank's borrower distribution performance is considered good for HMDA and excellent for both small business and small farm lending. Overall, the borrower distribution performance is considered excellent.
- During the evaluation period, the bank made a low level of community development loans within its assessment areas, having originated only one such loan.
- The bank maintains an adequate level of qualified community development investments when considering available opportunities and bank capacity.
- Delivery systems and branch locations are accessible to all segments of the bank's assessment areas.
- Within Virginia, the bank participates in a relatively high number of community development service activities.

SCOPE OF EXAMINATION

Reported HMDA, small business and small farm loans were reviewed to determine the geographic and borrower distribution of the bank's lending. The reported loan data are from calendar years 2018 and 2019. The institution's efforts to serve its markets through qualified community development investments and services were also reviewed.

The bank delineates two assessment areas (Smyth County, VA NonMSA and Kingsport-Bristol, VA) in the Commonwealth of Virginia. On a combined basis, the Virginia assessment areas account for 99.2% of the bank's overall lending (dollar volume), 94.1% of branching, and 98.8% of its deposit volume.

Appendix D details loan volume, number of branches, and deposit volume by assessment area.

Based on its relative size and the concentration of banking activities, the Smyth County, VA NonMSA assessment area was identified as the bank's primary market within Virginia and was reviewed utilizing the FFIEC's full-scope evaluation procedures. Consequently, the bank's performance ratings within the Commonwealth of Virginia are based on its performance in the Smyth County, VA NonMSA assessment area. The remaining assessment area was subject to limited review procedures, and a determination was made as to whether its performance exceeded, was consistent with, or was below the assigned state ratings.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE COMMONWEALTH OF VIRGINIA

The institution operates 16 of the 17 branch offices within its two contiguous assessment areas located in the Commonwealth of Virginia. The 16 branch offices account for \$382.9 million of the bank's total deposit base. As of June 30, 2020, BOM ranked 5th out of 19 institutions in deposit market share having 10.4% of the available Federal Deposit Insurance Corporation (FDIC) insured deposits within its Virginia assessment areas.

According to 2015 ACS data, the Virginia assessment areas served by the bank have a total population of 184,022, including 50,482 families. A majority of the families are middle- and upper-income (59.9%), while low- and moderate- income families comprise 21.7% and 18.3% respectively. Within these assessment areas, the owner-occupancy rate equals 61.2%, and 13% of families live below the poverty level.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN VIRGINIA

The overall statewide rating is based on BOM's performance in the Smyth County, VA NonMSA assessment area, as it accounts for the majority of loan and deposit volume within Virginia and was the only assessment area subject to a full-scope review.

LENDING TEST

Overall, the statewide lending test is rated High Satisfactory. Lending activity is considered excellent overall and is measured primarily by market share and bank capacity. In the Commonwealth of Virginia, geographic distribution is considered good, while borrower distribution is considered excellent. BOM originated one qualified loan (\$1.7 million) in the Kingsport-Bristol, VA assessment area.

Lending Activity:

Overall, lending activity in the Commonwealth of Virginia is considered excellent and is consistent with the bank's capacity. The bank's dollar volume of lending (99.2%) is consistent with the percentage of branches (94.1%) and deposit volume (98.8%) within the Commonwealth of Virginia. According to 2019 aggregate data, the institution ranked 2nd out of 206 lenders in reported mortgage lending with a 7.3% market share and ranked 1st out of 64 lenders in reported small business/farm loans with a 12.5% market share.

Geographic and Borrower Distribution:

BOM's geographic distribution performance varies from poor to excellent by loan product and year within its full-scope assessment area. Overall, the bank's geographic distribution performance is considered good on a combined product basis.

Within the bank's full-scope assessment area, the HMDA borrower distribution performance is considered good, while small business and small farm borrower distribution performance is considered excellent. BOM's overall borrower distribution performance is considered excellent in Virginia and takes into consideration the strong combined performance of small business and small farm lending.

Community Development Loans:

The institution's makes few, if any community development loans. Community development lending opportunities are limited within the Smyth County, VA NonMSA assessment area, while opportunities are more readily available within the bank's metropolitan assessment area. The bank faces no constraints relative to community development lending when considering its capacity and local competition.

BOM originated one qualified community development loan, a \$1.7 million PPP loan, within Virginia during the evaluation period. To the extent that the bank originated other such loans, they were required to be reported as HMDA or small business/farm loans and could not also be reported as community development loans.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated Low Satisfactory within the Commonwealth of Virginia. As of the date of this evaluation, BOM maintained a \$500,000 investment in a Virginia Housing Development Authority (VHDA) rental housing bond. The VHDA promotes affordable housing by financing affordable rental units, which provides housing for low- and moderate- income individuals throughout the Commonwealth of Virginia, including BOM's assessment areas.

The bank also made charitable donations totaling \$9,300 to support local organizations that provide community services within the bank's Virginia assessment areas during the evaluation period, of which \$4,400 benefitted both assessment areas.

SERVICE TEST

BOM's statewide performance for the service test is rated High Satisfactory. Delivery systems and branch locations are accessible within the bank's market areas and to people of varying income levels. BOM did not close any branch offices within Virginia during the evaluation period; however, the bank did open one office (Regional Mortgage Center) located in a moderate-income census tract. Products and services offered within the Virginia markets are representative of those offered by the institution overall.

Additionally, the institution and its employees participate in a relatively high level of community development services within Virginia. Community development service activities that benefit both of BOM's Virginia assessment areas include:

- Mountain Community Action Program, Inc. – one employee serves on the board of directors of this nonprofit organization that provides educational services and school supplies to area students that predominately come from low- and moderate-income families.
- Bread of Life Food Pantry- one employee serves as the treasurer of this nonprofit organization that provides a wide variety of community services, specifically food and school supplies, to low- and moderate-income residents.

VIRGINIA NON-METROPOLITAN STATEWIDE AREA

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SMYTH COUNTY, VA NONMSA ASSESSMENT AREA

BOM operates eight branches and two loan production offices (the Financial Services & Commercial Lending office and the Regional Mortgage Center) in the counties of Smyth, Russel and Wythe, in southwest Virginia. As of June 30, 2020, BOM ranked 2nd out of 14 institutions in deposit market share with 18.8% of the assessment area's available FDIC insured deposits, excluding credit unions. Based on ACS data from 2015, the assessment area has a population of 89,169 and a median housing value of \$99,908. The owner-occupancy rate for the assessment area (60.1%) exceeds the rate for nonmetropolitan areas of Virginia (57.8%) and slightly exceeds the rate for the entire Commonwealth (59.2%). The 2018 and 2019 median family incomes for nonmetropolitan areas of Virginia equal \$55,900 and \$56,100, respectively. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Smyth County, VA NonMSA (Based on 2015 ACS Data and 2019 D&B Information)									
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	5,260	22.0	
Moderate	5	22.7	5,307	22.2	1,007	19.0	4,623	19.3	
Middle	17	77.3	18,635	77.8	2,313	12.4	5,059	21.1	
Upper	0	0.0	0	0.0	0	0.0	9,000	37.6	
NA	0	0.0	0	0.0	0	0.0			
Total	22	100.0	23,942	100.0	3,320	13.9	23,942	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	9,554	26.8
Moderate		6,602	25.6	8,527	23.9	1,952	22.9	5,930	16.6
Middle		19,224	74.4	27,176	76.1	4,633	17.0	6,167	17.3
Upper		0	0.0	0	0.0	0	0.0	14,052	39.3
NA		0	0.0	0	0.0	0	0.0		
Total		25,826	100.0	35,703	100.0	6,585	18.4	35,703	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		448	15.5	401	15.1	39	18.6	8	21.6
Middle		2,446	84.5	2,246	84.9	171	81.4	29	78.4
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
Total		2,894	100.0	2,647	100.0	210	100.0	37	100.0
Percentage of Total Businesses:				91.5		7.2		1.3	

*NA-Tracts without household or family income as applicable

According to data published by the FFIEC, seven out of 17 of the assessment area’s middle-income census tracts are classified as being underserved during 2018 and 2019. Underserved census tracts are typically located in rural communities that lack certain community services/infrastructure and are also distant from more urban population centers. Specifically, all of the middle-income census tracts in Smyth County are classified as underserved. In addition, during 2019, four of the 17 middle-income census tracts are classified as being distressed due to poverty. Specifically, all of the middle-income census tracts in Russell County are classified as distressed.

The assessment area’s economy is based on manufacturing, health care, and retail services. Major area employers include Utility Trailer Manufacturing, Teleperformance USA, Southwest Virginia Mental Health Center, local government, and area school systems. Recent and historical unemployment rates are included in the following table.

Geographic Area	June 2017	June 2018	June 2019	June 2020
Russell County	5.2%	4.4%	4.1%	8.1%
Smyth County	5.1%	4.4%	3.6%	8.5%
Wythe County	4.7%	4%	3.4%	9.6%
Commonwealth of Virginia	3.8%	3.3%	2.9%	8.2%

As indicated by the data in the table above, unemployment rates within the assessment area prior to 2020 have generally declined since the previous evaluation across all three counties, but remained slightly above the statewide rate. Current unemployment levels within the assessment area are similar to or slightly above the Commonwealth's rate of unemployment. Sharp increases in unemployment levels starting in 2020 can be attributed to nationwide quarantine restrictions implemented as part of the COVID-19 global pandemic response.

An individual knowledgeable of the local market area was contacted during the examination to discuss local economic conditions and consumer credit needs. The contact noted that the area had been relatively stable prior to the pandemic. Additionally, he stated that affordable housing is a concern within the local area. The contact mentioned that local financial institutions appear to be showing a good faith effort in improving the local economy.

Discussions with the individual knowledgeable of the local market area and reviews of the performance evaluations of other financial institutions having a local presence indicate opportunities for community development activity within the assessment area are generally limited. While opportunities are limited, the institution faces no significant constraints relative to its size and business strategy in making community development loans or investments or supporting community development service activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

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

During 2018 and 2019, the bank originated \$34.2 million in HMDA, \$31.6 million in small business, and \$13.3 million in small farm loans in the Smyth County, VA NonMSA assessment area. Of the total HMDA originations during 2018 and 2019, refinance and purchase originations were the primary products. Due to the dollar volume of HMDA originations within this assessment area, more weight is generally placed on this product when evaluating the overall lending performance.

Lending Activity:

The bank's lending levels reflect excellent responsiveness to the credit needs of the assessment area. The lending activity (75.8% by number and 72.2% by dollar amount) within this assessment area exceeds the proportion of branch offices (58.8%) and is consistent with the percentage of deposits as of June 30, 2020 (80.9%) within the area.

When comparing the number of HMDA loans originated by BOM to other HMDA reporters in this assessment area, the bank ranks first out of 153 reporters, with 11% of the market share. When comparing the number of CRA loans originated by the bank to other CRA reporters in this assessment area, the bank ranks first out of 39 reporters, with 28.9% of the market share.

Geographic Distribution:

As indicated in the demographic table, there are no low-income census tracts within the assessment area. When considering the bank’s performance by loan product, its geographic distribution performance is excellent for HMDA, good for small business, and poor for small farm lending. Given the relative dollar volume of each loan product, the bank’s overall geographic distribution performance is good.

Distribution of HMDA Loans by Income Level of Census Tract

Smyth County, VA NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(79)				(879)			
	Home Purchase							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	21	26.6	1,685	22.2	144	16.4	14,199	12.9
Middle	58	73.4	5,922	77.8	735	83.6	95,585	87.1
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	(75)				(531)			
	Refinance							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	18	24.0	1,598	24.6	86	16.2	8,539	14.2
Middle	57	76.0	4,885	75.4	445	83.8	51,644	85.8
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	(17)				(98)			
	Home Improvement							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	4	23.5	140	18.3	17	17.3	685	15.2
Middle	13	76.5	624	81.7	81	82.7	3,832	84.8
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	(0)				(10)			
	Multi-Family							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	2	20.0	720	24.6
Middle	0	0.0	0	0.0	8	80.0	2,212	75.4
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	43	25.1	3,423	23.0	249	16.4	24,143	13.6
Middle	128	74.9	11,431	77.0	1,269	83.6	153,273	86.4
Upper	NA	NA	NA	NA	NA	NA	NA	NA
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	171	100.0	14,854	100.0	1,518	100.0	177,416	100.0

NA*-Tracts without household or family income as applicable

During 2019, home purchase and refinance transactions represented the majority of the funds extended by the bank and aggregate lenders, followed by home improvement lending. Multifamily 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 are each considered excellent.

BOM’s overall level of HMDA lending in moderate-income census tracts during 2019 (25.1%) significantly exceeded the aggregate reporter level (16.4%) and was similar to the percentage of owner-occupied housing units in such tracts (25.6%). BOM’s performance during 2019 is considered excellent.

During 2018, BOM originated a total of 181 purchase, refinance, home improvement, and multifamily loans totaling approximately \$17.9 million. Of these loans, 36 (19.9%) totaling \$3.1 million (17%) were originated in moderate-income census tracts. The bank's level of lending in moderate-income census tracts was similar to the aggregate reporter level (19%), but was below the percentage of owner-occupied housing units in such tracts (25.6%). As a result, BOM's performance during 2018 is considered good.

On a combined basis, BOM's overall HMDA geographic distribution performance is excellent when taking into account the relative strength of performance combined over the two-year period along with the associated dollar volume of lending.

Distribution of Small Business Loans by Income Level of Census Tract

Smyth County, VA NonMSA (2018)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	37	24.3	2,017	11.8	239	21.5	9,512	16.9
Middle	115	75.7	15,009	88.2	873	78.5	46,899	83.1
Upper	NA	NA	NA	NA	NA	NA	NA	NA
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	152	100.0	17,026	100.0	1,112	100.0	56,411	100.0

*NA-Tracts without household or family income as applicable

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

Bank lending to businesses located in moderate-income census tracts (24.3%) exceeded the percentage of businesses located in such tracts (15.8%) and the 2018 aggregate lending level (21.5%). BOM's performance during 2018 is considered good.

During 2019, BOM reported originating 141 small business loans totaling approximately \$14.6 million. Of these loans, 38 (27%) totaling \$3.2 million (22.3%) were originated in moderate-income census tracts. The bank's level of lending in moderate-income census tracts substantially exceeded the percentage of businesses located in such tracts (15.5%). Aggregate data from 2019 cannot be included in this analysis because the data is not yet available. After accounting for the D&B data and absence of aggregate data from 2019, BOM's lending performance during 2019 is considered excellent.

On a combined basis, BOM's small business lending geographic distribution is considered good when taking into account the relative performance levels in each year and the dollar volume of lending.

Distribution of Small Farm Loans by Income Level of Census Tract

Smyth County, VA NonMSA (2018)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%#	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	15	11.7	791	12.3	70	20.0	2,202	13.0
Middle	113	88.3	5,629	87.7	280	80.0	14,781	87.0
Upper	NA	NA	NA	NA	NA	NA	NA	NA
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	128	100.0	6,420	100.0	350	100.0	16,983	100.0

*NA-Tracts without household or family income as applicable

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

Bank lending to small farms located in moderate-income census tracts (11.7%) substantially lagged the percentage of farms in such tracts (16.7%) and the 2018 aggregate lending level (20%). The bank's small farm geographic distribution performance is considered poor during 2018, and its 2019 lending performance is substantially similar.

Distribution by Borrower Income and Revenue Size of the Business:

Within the assessment area, the bank's borrower distribution performance is considered good for HMDA, and excellent for both small business and small farm lending. Overall, BOM's borrower distribution performance is considered excellent, with greater weight given to both small business and small farm lending due to the combined larger dollar volume of lending.

Distribution of HMDA Loans by Income Level of Borrower

Smyth County, VA NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	26	14.8	1,279	8.8	153	11.7	10,619	7.3
Moderate	35	19.9	2,053	14.2	282	21.5	24,969	17.1
Middle	43	24.4	3,232	22.3	372	28.4	40,455	27.7
Upper	72	40.9	7,928	54.7	504	38.4	69,878	47.9
Total	176	100.0	14,492	100.0	1,311	100.0	145,921	100.0
Unknown	4		948		207		31,495	

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

During 2019, the bank's level of lending to low-income borrowers (14.8%) exceeded the aggregate level of lending (11.7%), but was less than the proportion of low-income families in the assessment area (22%). BOM's level of lending to moderate-income borrowers (19.9%) was similar to the percentage of moderate-income families (19.3%), but slightly lagged the aggregate level of lending (21.5%). The bank's performance during 2019 is considered good.

During 2018, BOM originated 194 loans totaling \$17.7 million where borrower incomes were known. Of this total, 30 loans (15.5%) totaling \$1.2 million (7%) were extended to low-income borrowers and 48 loans (24.7%) totaling \$3 million (17.1%) were extended to moderate-income borrowers. BOM's lending to low-income borrowers (15.5%) lagged the percentage of area low-income families (21.8%), but exceeded the aggregate level of lending (9.4%) to such borrowers. In addition, BOM's lending to moderate-income borrowers (24.7%) exceeded the percentage of such area families (19.3%) as well as the aggregate level of lending (23.4%). The bank's performance during 2018 is considered excellent.

When considering the relative volume and combined performance of lending during 2018 and 2019, BOM's overall HMDA borrower distribution performance is considered good.

Distribution of Lending by Loan Amount and Size of Business

Smyth County, VA NonMSA (2018)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	129	84.9	9,240	54.3	674	59.5	27,828	49.0
Over \$1 Million	22	14.5	7,749	45.5	NA	NA	NA	NA
Unknown	1	0.6	37	0.2	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	105	69.1	3,152	18.5	994	87.7	18,060	31.8
\$100,001-\$250,000	28	18.4	4,484	26.3	91	8.0	15,604	27.5
\$250,001-\$1 Million	19	12.5	9,390	55.2	48	4.3	23,073	40.7
Total	152	100.0	17,026	100.0	1,133	100.0	56,737	100.0

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

D&B data indicates that 91.2% of all local businesses have revenues of \$1 million or less per year. According to 2018 aggregate small business data, 59.5% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining 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 high volume, small dollar amount lenders. Of the remaining small business loans originated by traditional bank lenders, 71.9% were made to businesses having annual revenues of \$1 million or less. During 2018, 84.9% of the bank's small business loans were to businesses with annual revenues of \$1 million or less. The bank's performance during 2018 is good.

During 2019, the bank reported originating 141 small business loans totaling \$14.6 million. Of these loans, 122 (86.5%) totaling \$8.5 million (58.3%) were extended to businesses with annual revenues of \$1 million or less. According to 2019 D&B data, 91.5% of all local businesses have revenues that do not exceed \$1 million per year. Aggregate data from 2019 cannot be included in this analysis because the data is not yet available. After accounting for the D&B data and absence of aggregate loan data from 2019, BOM's lending performance during 2019 is considered excellent.

When considering the relative volume and strong combined performance of lending over the two-year period, its overall borrower distribution performance for small business lending is considered excellent.

Distribution of Lending by Loan Amount and Size of Farm

Smyth County, VA NonMSA (2018)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	127	99.2	6,395	99.6	279	79.7	14,811	87.2
Over \$1 Million	1	0.8	25	0.4	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	114	89.1	3,755	58.5	309	88.3	7,908	46.6
\$100,001-\$250,000	11	8.6	1,612	25.1	28	8.0	4,352	25.6
\$250,001-\$500k (Farm)	3	2.3	1,053	16.4	13	3.7	4,723	27.8
Total	128	100.0	6,420	100.0	350	100.0	16,983	100.0

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

D&B data indicated that 99.3% of all local farms have revenues that do not exceed \$1 million per year. During 2018, 99.2% of the bank's small farm loans were to farms with annual revenues of \$1 million or less, while the aggregate lending data from 2018 indicates that 79.7% of reported small farm loans were made to farms that had annual revenues of \$1 million or less. The remaining portion of loans were made to farms that either had revenues greater than \$1 million or had unknown revenues. The bank's performance during 2018 is excellent, and its performance during 2019 is substantially similar.

Community Development Lending:

The bank makes few, if any community development loans. As previously stated, opportunities for community development lending are limited within the Smyth County, VA NonMSA assessment area. Notwithstanding the limited opportunities, the bank faces no significant constraints in extending such loans within the assessment area given its capacity, market position, and business strategy.

The bank did not report originating any community development loans within this assessment area during the evaluation period. To the extent that the bank extends such loans, they were required to be reported as HMDA, small business, or small farm, or loans and could not also be reported as community development loans.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is adequate within the Smyth County, VA NonMSA assessment area. During the evaluation period, BOM made charitable donations totaling \$4,500 that solely benefited this assessment area with an additional \$4,400 that benefitted both assessment areas in the Commonwealth of Virginia, totaling \$8,900 in donations benefitting the Smyth County, VA NonMSA.

As previously stated, the bank also holds a \$500,000 VHDA bond that supports affordable housing throughout the Commonwealth, including this assessment area.

SERVICE TEST

Within the Smyth County, VA NonMSA assessment area, the bank's performance under the service test is considered High Satisfactory. Systems for delivering retail banking services are accessible to all portions of the assessment area, including low- and moderate-income people and areas. Also, the bank and its employees participate in a relatively high level of community development services within the assessment area.

Retail Services:

Delivery systems are accessible to all portions of the assessment area. Automatic-teller-machines (ATMs) are available and, through a network, provide customers with 24-hour nationwide access. Internet-based and bank by mail services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system.

The institution operates eight full-service branch offices within the assessment area, of which two (25%) are located in moderate-income census tracts. In addition, the bank operates two loan production offices (the Hometown Financial Services and Commercial Lending office and the Regional Mortgage Center) in moderate-income census tracts of the assessment area. The bank's remaining branches in the assessment area are located in middle-income census tracts. There are no low- or upper-income census tracts within the assessment area. No branches have been closed in the assessment area since the previous evaluation; however, the Regional Mortgage Center was opened in July 2017.

Branch offices are generally open until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. In addition, the bank's branches offer drive-up services and Saturday hours. Banking services do not vary by branch location within the assessment area. Business hours and banking services offered do not vary in a way that inconveniences low- and moderate-income people or areas within the assessment area.

The institution also continues to offer no-cost checking products to individuals, as well as low-cost checking to businesses within the community. These accounts can benefit all segments of the community, including low- and moderate-income individuals and small businesses. In addition, and as previously noted, the bank implemented various temporary services including extensions, payment deferrals, and fee waivers on differing products, as well as a coin collection service in response to the COVID-19 global pandemic crisis.

Community Development Services:

BOM's employees participate in a relatively high level of community development service activities that provide support to various local organizations whose operations directly benefit low- and moderate-income residents, provide affordable housing, or promote small business development.

In addition to the previously described service activities that benefit multiple assessment areas within Virginia, the bank supported the following organizations within the Smyth County, VA NonMSA assessment area during the evaluation period:

- Brock Hughes Free Medical Clinic – one employee serves on the board of directors of this organization that provides free medical services to area low-income residents.
- Town of Marion Loan Fund Committee – one employee serves on the loan review committee of this organization that provides funding to small businesses and start-ups.
- Honaker Lions Club – one employee serves as the treasurer of this nonprofit organization that provides a wide variety of community services targeted to area low- and moderate-income residents.
- Wytheville Community College Education Foundation – one employee serves on the board of directors of this organization that provides college scholarships to low-income students.
- Russell County Partnership in Education – one employee participates in the fundraising and grant disbursement activities of this nonprofit organization that supports area schools within Russell County. The organization seeks donations from area businesses and residents and then disburses grants to area public schools and educators for the purposes of additional teaching resources. Within Russell County, a majority of students within the county are from low- and moderate-income families.
- Smyth County Community Foundation- one employee serves on the board of directors and the finance committee of this nonprofit organization which provides grants and donations to wellness programs in Smyth County, VA (underserved).

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION’S OPERATIONS IN KINGSPORT-BRISTOL, VA

Certain assessment areas, which are noted in the table below, were reviewed using the limited review examination procedures. Information detailing the composition of the assessment areas, including selected demographic data, is included in **APPENDIX C** of this report. While the MSA occupies portions of both Virginia and Tennessee, the bank’s branches and its delineated assessment area are all within the Virginia portion of the larger MSA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

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

Assessment Area	Lending Test	Investment Test	Service Test
Kingsport-Bristol, VA	Below	Consistent	Below

STATE OF TENNESSEE

CRA RATING FOR TENNESSEE: NEEDS TO IMPROVE
The lending test is rated: NEEDS TO IMPROVE
The investment test is rated: LOW SATISFACTORY
The service test is rated: NEEDS TO IMPROVE

Major factors supporting the rating include:

- Overall lending activity is poor in relation to the bank's capacity and local credit needs.
- The bank's geographic distribution is considered very poor for HMDA and adequate for small business lending. Overall, the bank's geographic distribution performance is considered poor.
- The bank's borrower distribution is considered very poor for HMDA and good for small business lending. Overall, the bank's borrower distribution is considered adequate.
- The bank did not extend any community development loans within the Tennessee assessment area during the evaluation period.
- Relative to the reasonably available investment opportunities, bank capacity, and local market impact, the bank's level of qualified investments reflects adequate performance.
- While delivery systems and branch locations are reasonably accessible to all segments of the bank's assessment area, the bank's personnel did not participate in any qualified community development services during the evaluation period.

SCOPE OF EXAMINATION

Reported HMDA and small business loans from calendar years 2018 and 2019 were analyzed to determine the geographic and borrower distribution of the bank's lending. The bank's efforts to serve its markets through qualified community development investments and services were also reviewed.

The bank has one delineated assessment area (Johnson City, TN) in the State of Tennessee. The Johnson City, TN assessment area was evaluated using the FFIEC's full-scope review procedures, and the statewide ratings for Tennessee are based solely on the bank's performance in this assessment area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN TENNESSEE

The institution operates one branch within the Johnson City, TN assessment area, which includes a portion of Washington County, Tennessee and does not include the entire MSA. As of June 30, 2020, BOM ranked 16th out of 17 financial institutions in deposit market share with .2% of the assessment area's available FDIC insured deposits, excluding credit unions. Based on ACS data from 2015, the assessment area has a population of 100,388 and a median housing value of \$154,637. The owner-occupancy rate for the market equals 58%, which is similar to the state's rate of 58.6% and slightly below the Johnson City, TN MSA's rate of 60.2%. Within the assessment area, 11.7% of families are below the poverty level, which is less than the rate for the entire state (13.2%) and MSA (14.7%). The median family income in the assessment area during 2018 and 2019 was \$54,100 and \$53,900, respectively. The following table includes relevant demographic data for the assessment area.

Assessment Area Demographics

Johnson City, TN <i>(Based on 2015 ACS Data and 2019 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	4,842	18.3
Moderate	4	21.1	3,961	15.0	1,163	29.4	3,794	14.4
Middle	7	36.8	10,942	41.5	982	9.0	5,502	20.8
Upper	7	36.8	11,489	43.5	954	8.3	12,254	46.5
NA	1	5.3	0	0.0	0	0.0		
Total	19	100.0	26,392	100.0	3,099	11.7	26,392	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	9,388	22.3
Moderate	2,924	10.8	7,349	17.5	2,464	33.5	5,942	14.1
Middle	11,425	42.2	17,125	40.7	2,725	15.9	6,879	16.3
Upper	12,702	47.0	17,604	41.8	1,740	9.9	19,869	47.3
NA	0	0.0	0	0.0	0	0.0		
Total	27,051	100.0	42,078	100.0	6,929	16.5	42,078	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	755	17.3	672	16.9	77	20.9	6	18.8
Middle	1,411	32.3	1,301	32.8	94	25.5	16	50.0
Upper	2,171	49.7	1,972	49.6	189	51.4	10	31.2
NA	35	0.7	27	0.7	8	2.2	0	0.0
Total	4,372	100.0	3,972	100.0	368	100.0	32	100.0
Percentage of Total Businesses:				90.9		8.4		0.7

*NA-Tracts without household or family income as applicable

The assessment area’s economy is based on local government, education, and health. Major local employers include Mountain States Health Alliance/Ballard Health Systems, East Tennessee State University, Citi Commerce Solutions, James H. Quillen VA Medical Center, and Advanced Call Center Technologies. Recent and historical unemployment rates are detailed in the following table.

Geographic Area	June 2017	June 2018	June 2019	June 2020
Washington County	4.3%	4.2%	4.1%	8.6%
Johnson City	4.3%	4.2%	4.1%	8.8%
State of Tennessee	4.1%	4.1%	3.9%	10.1%

As indicated by the data in the table above, unemployment rates within the assessment area prior to 2020 generally remained stable since the previous evaluation. Current area unemployment rates are slightly lower than the overall state level of unemployment. Sharp increases in unemployment starting in 2020 can be attributed to nationwide quarantine restrictions implemented as part of the COVID-19 global pandemic response.

An affordable housing official was contacted during the examination to discuss local economic conditions and consumer credit needs. The contact noted that the local economy has been improving and is relatively stable, but not as quickly as other metropolitan areas. With respect to the contact's perspective on financial institutions, she opined that banks are meeting the general banking needs of the area, and also added that there are opportunities for banks to partner with local organizations that facilitate local economic development and affordable housing initiatives.

Discussions with the community contact and reviews of the performance evaluations of other financial institutions having a local presence indicated that community development opportunities are reasonably available within the bank's assessment area when considering performance context factors. The institution faces no significant constraints relative to its size and business strategy in making community development loans, investments, or supporting community services activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN TENNESSEE

LENDING TEST

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

During 2018 and 2019, the bank originated \$388,000 in HMDA, \$522,000 in small business, and no small farm loans in the Johnson City, TN assessment area. Of the total HMDA originations during 2018 and 2019, refinance and home purchase originations were the primary products. Due to the dollar volume of small business originations within this assessment area, more weight is placed on this product when evaluating the lending activity. Given the absence of small farm loans extended by the bank and the limited demand (based upon a small number of farms) for such loans in this assessment area, the bank's small farm lending performance was not analyzed.

Lending Activity:

The bank's lending levels reflect poor responsiveness to the assessment area's credit needs. The lending activity (.8% of total originations by dollar and .5% by number volume) within this assessment area is less than the percentage associated with the single branch office (5.9%), but similar to the percentage of deposits as of June 30, 2020 (1.2%) within the assessment area.

According to 2019 aggregate data, BOM ranked 46th out of 198 reporters in HMDA lending, with <.1% of the market share, and it ranked 21st out of 41 reporters in small business lending with .3% of the market share.

Geographic Distribution:

As indicated in the demographic table, there are no low-income census tracts within the assessment area. The assessment area includes four moderate-, seven middle-, and seven upper-income census tracts. There is also one census tract within the assessment area that has no income designation which is part of the East Tennessee State University campus, and while populated, it contains no families and, therefore, does not have an income designation. When considering the bank's performance by loan product, its geographic distribution performance is very poor for HMDA and adequate for small business lending. Given the relative dollar volume and performance levels of each loan product, the bank's overall geographic distribution performance is poor.

Distribution of HMDA Loans by Income Level of Census Tract

Johnson City, TN (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(1)				(1,965)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	198	10.1	26,271	7.1
Middle	0	0.0	0	0.0	791	40.3	133,455	35.9
Upper	1	100.0	216	100.0	976	49.6	212,255	57.0
	(0)				(997)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	85	8.5	11,114	6.1
Middle	0	0.0	0	0.0	394	39.5	60,778	33.5
Upper	0	0.0	0	0.0	518	52.0	109,592	60.4
	(0)				(231)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	13	5.6	552	3.6
Middle	0	0.0	0	0.0	92	39.8	5,634	36.5
Upper	0	0.0	0	0.0	126	54.6	9,252	59.9
	(0)				(51)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	26	51.0	16,829	43.6
Middle	0	0.0	0	0.0	15	29.4	13,160	34.1
Upper	0	0.0	0	0.0	10	19.6	8,628	22.3
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	322	9.9	54,766	9.0
Middle	0	0.0	0	0.0	1,292	39.8	213,027	35.1
Upper	1	100.0	216	100.0	1,630	50.3	339,727	55.9
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	1	100.0	216	100.0	3,244	100.0	607,520	100.0

NA*-Tracts without household or family income as applicable

During 2019, the bank reported originating one mortgage transaction in the assessment area, which was originated in an upper-income census tract. The bank did not originate any mortgage loans in moderate-income census tracts. According to 2015 ACS data, 10.8% of owner-occupied housing units are located in moderate-income census tracts. The aggregate lenders reported originating 9.9% of lending within moderate-income census tracts. Both the demographic and aggregate data indicate there is viable loan demand within the moderate-income census tracts of the assessment area. Given the absence of lending, combined with the presence of viable demand, BOM's performance during 2019 is very poor, and its performance during 2018 is substantially similar.

Distribution of Small Business Loans by Income Level of Census Tract

Johnson City, TN (2018)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	266	16.3	13,571	14.6
Middle	1	33.3	85	44.0	482	29.5	19,499	20.9
Upper	2	66.7	108	56.0	883	54.1	60,060	64.4
NA*	0	0.0	0	0.0	1	0.1	48	0.1
Total	3	100.0	193	100.0	1,632	100.0	93,178	100.0

*NA-Tracts without household or family income as applicable

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

During 2018, the bank reported originating a total of three small business loans in middle- and upper-income census tracts within the assessment area. According to 2018 D&B data, 17.2% of businesses are located in moderate-income census tracts. Aggregate lenders reported originating 16.3% of its small business loans within moderate-income census tracts. Both the demographic and aggregate data indicate there is viable loan demand, especially from those businesses located in the assessment area's moderate-income census tracts. As such, the bank's performance is very poor in 2018.

During 2019, the bank reported originating two small business loans totaling \$329,000, of which one (50%) totaling \$215,000 (65.3%) was located in a moderate-income census tract. According to 2019 D&B data, 17.3% of businesses are located in moderate-income census tracts. Aggregate loan data from 2019 cannot be included in this analysis because the data is not yet available. After accounting for the D&B data and absence of aggregate data from 2019, BOM's lending performance during 2019 is considered excellent.

When considering the relative volume and performance of the bank's lending during 2018 and 2019, its overall combined geographic distribution performance for small business lending is considered adequate.

Borrower Distribution:

Within the assessment area, the bank's borrower distribution performance varies by product and year and is ultimately considered very poor for HMDA and good for small business lending. Overall, the bank's borrower distribution performance is considered adequate. In reaching this conclusion, the bank's small business lending performance is weighted more heavily when considering the bank's combined product performance.

Distribution of HMDA Loans by Income Level of Borrower

Johnson City, TN (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	0	0.0	0	0.0	117	4.1	8,854	1.8
Moderate	0	0.0	0	0.0	464	16.4	51,443	10.4
Middle	0	0.0	0	0.0	642	22.7	88,932	17.9
Upper	1	100.0	216	100.0	1,605	56.8	346,514	69.9
Total	1	100.0	216	100.0	2,828	100.0	495,743	100.0
Unknown	0		0		416		111,777	

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

During 2019, the bank reported originating only one mortgage loan totaling \$216,000 that was extended to an upper-income borrower. According to 2015 ACS data, 18.3% of area families are low-income and 14.4% are moderate-income. The aggregate lenders reported originating 4.1% and 16.4% to low- and moderate-income borrowers, respectively. Both the demographic and aggregate data suggest that there is viable demand from low- and moderate-income area residents. Consequently, BOM's performance during 2019 is very poor, and its 2018 performance is substantially similar.

Distribution of Lending by Loan Amount and Size of Business

Johnson City, TN (2018)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	3	100.0	193	100.0	817	50.1	36,693	39.4
Over \$1 Million	0	0.0	0	0.0	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	3	100.0	193	100.0	1,432	87.7	26,491	28.4
\$100,001-\$250,000	0	0.0	0	0.0	105	6.4	18,359	19.7
\$250,001-\$1 Million	0	0.0	0	0.0	95	5.9	48,328	51.9
Total	3	100.0	193	100.0	1,632	100.0	93,178	100.0

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

D&B data from 2018 indicate that 90.5% of all local businesses have revenues of \$1 million or less per year and aggregate lending data from 2018 indicates that 50.1% of reported small business loans were made to businesses having annual revenues of \$1 million or less. The remaining portion of loans were made to businesses that either had revenues greater than \$1 million or had unknown revenues. As part of performance context, the aggregate data was considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 54% were made to businesses having annual revenues of \$1 million or less. During 2018, 100% of the bank's small business loans were to businesses with annual revenues of \$1 million or less. The bank's performance during 2018 is considered excellent.

During 2019, the bank reported originating two small business loans totaling \$329,000. Of the two small business originations, one loan totaling \$215,000 was extended to a business with an annual revenue of \$1 million or less. According to 2019 D&B data, 90.9% of all local businesses have revenues that do not exceed \$1 million per year. Aggregate data from 2019 cannot be included in this analysis because the data is not yet available. After accounting for the D&B data and absence of aggregate data from 2019, BOM's lending performance during 2019 is considered good.

When considering the relative volume and performance levels during 2018 and 2019, the bank's overall borrower distribution performance for small business lending is considered good.

Community Development Loans:

The institution makes few, if any community development loans in the assessment area. Opportunities for community development lending are reasonably available within the Johnson City, TN assessment area, and the bank faces no significant constraints in extending such loans within the assessment area given its capacity, market position, and business strategy.

The bank did not report originating any community development loans within this assessment area during the evaluation period. To the extent that the bank extended such loans, they were required to be reported as HMDA, small business, or small farm loans, and could not also be reported as community development loans.

INVESTMENT TEST

As of the date of the evaluation, the bank maintained three qualified investments in Tennessee Housing Development Authority (THDA) bonds, totaling \$815,000. The THDA promotes affordable housing by financing single-family and multi-family mortgages for low- and moderate-income individuals throughout the State of Tennessee, including this assessment area. In addition, the bank made one qualified donation totaling \$50 in the assessment area.

Based on its statewide investment activities, and when considering bank capacity and local opportunity, BOM's investment performance is considered adequate within this assessment area.

SERVICE TEST

Systems for delivering retail banking services are reasonably accessible within the Johnson City, TN assessment area; however, BOM did not participate in any qualified community development services during the evaluation period. As a result, the bank's performance is rated Needs To Improve.

Retail Services:

Delivery systems are reasonably accessible to all portions of the assessment area. Automatic-teller-machines (ATMs) are available and, through a network, provide customers with 24-hour nationwide access. Internet-based and bank by mail services are also offered by the institution. In addition, the bank provides customers with 24-hour telephone access to their accounts through an automated system.

The institution operates one full-service branch office within the assessment area which is located in an upper-income census tract. According to demographic data, 17.5% of all area households live in moderate-income census tracts, with the furthest moderate-income census tract being less than nine miles from the branch. No branches have been opened or closed in the assessment area since the previous evaluation.

The branch office is open until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. In addition, the bank's branch offers drive-up services and Saturday hours. Business hours and banking services offered do not vary in a way that inconveniences the assessment area, particularly low-and moderate-income persons and those located in moderate-income census tracts.

The institution also continues to offer no-cost checking products to individuals as well as low-cost checking to businesses within the community. These accounts can benefit all segments of the community, including low- and moderate-income individuals and small businesses. In addition, and as previously noted, the bank implemented various temporary services including extensions, payment deferrals, and fee waivers on differing products, as well as a coin collection service in response to the COVID-19 global pandemic crisis.

Community Development Services:

During the evaluation period, the bank did not participate in any community development service activities. As previously stated, community development opportunities are reasonably available within the area; however, the bank employs a limited number of staff within its single branch in this assessment area. The small number of employees limits, to some extent, the bank's ability to participate in community development service activities.

CRA APPENDIX A
SCOPE OF EXAMINATION

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED¹	OTHER INFORMATION
Smyth County, VA NonMSA	Full-Scope	Due to travel restrictions related to COVID-19 and the bank's satisfactory history, no branch visits were conducted.	None
Johnson City, TN	Full-Scope	Due to travel restrictions related to COVID-19 and the bank's satisfactory history, no branch visits were conducted.	None
Kingsport-Bristol, VA	Limited Review	None	None

¹ 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 Ratings

State Name	Lending Test Rating	Investment Test Rating	Service Test Rating	Overall Rating
Commonwealth of Virginia	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
State of Tennessee	Needs to Improve	Low Satisfactory	Needs to Improve	Needs to Improve

CRA APPENDIX C

LIMITED REVIEW TABLES

Kingsport-Bristol, VA Assessment Area

This assessment area includes all of Scott County, VA, Washington County, VA, and the City of Bristol, Virginia. Based on 2015 ACS data, the assessment area includes no low-, two moderate-, 16 middle-, and five upper-income census tracts.

Performance Test Data for Kingsport-Bristol, VA

LENDING TEST

Limited Review Lending Table

Kingsport-Bristol-Bristol, VA (2018)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(34)				(1)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	8.8	7.0	5.6	0	0.0	9.2	5.6
Middle	25	73.5	68.2	75.3	1	100.0	73.5	75.3
Upper	6	17.6	24.7	19.1	0	0.0	17.3	19.1
	Refinance				Multi-Family			
<i>Geographic</i>	(27)				(1)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	11.1	9.2	5.6	0	0.0	5.6	5.6
Middle	15	55.6	68.3	75.3	0	0.0	61.1	75.3
Upper	9	33.3	22.5	19.1	1	100.0	33.3	19.1
	HMDA Totals				Consumer			
<i>Geographic</i>	(63)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	6	9.5	7.9	5.6	NA	NA	NA	NA
Middle	41	65.1	68.5	75.3	NA	NA	NA	NA
Upper	16	25.4	23.6	19.1	NA	NA	NA	NA
<i>Borrower</i>	(60)				(NA)			
Low	7	11.7	9.2	21.5	NA	NA	NA	NA
Moderate	12	20.0	21.6	17.4	NA	NA	NA	NA
Middle	19	31.7	25.7	19.9	NA	NA	NA	NA
Upper	22	36.7	43.5	41.1	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(39)				(32)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	2	5.1	9.3	10.0	1	3.1	1.2	1.7
Middle	29	74.4	60.6	62.8	29	90.6	84.9	79.7
Upper	8	20.5	30.1	27.3	2	6.3	13.9	18.6
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	34	87.2	54.9	90.3	31	96.9	79.0	96.5

Geographic () represents the total number of bank loans for the specific Loan Purpose where geography is known

Borrower () represents the total number of bank loans for the specific Loan Purpose where income is known

NA represents no activity in the income category

The bank's geographic distribution performance during 2018 exceeded the performance in 2019. Borrower distribution performance was similar during both years.

The level of community development lending in this assessment area is consistent with BOM's level of community development lending in the bank's other assessment area in Virginia. No community development loans were originated during 2018 or 2019; however, the bank did originate one PPP loan totaling \$1.7 million during 2020 which qualified as a community development loan in this assessment area.

INVESTMENT TEST

In addition to the \$500,000 VHDA bond that benefits the statewide area, including this assessment area, the bank made charitable donations totaling approximately \$4,400 to nonprofit organizations that provide community development services within its two Virginia assessment areas and an additional \$400 in contributions that solely benefit this assessment area.

SERVICE TEST

The bank operates six branches within this assessment area, all of which are located in middle- or upper-income census tracts. During the evaluation period, BOM participated in three community development service activities in this assessment area, of which two also benefit the Smyth County, VA NonMSA assessment area. BOM's participation in community development service activities in this assessment area is below the participation level in its full-scope Virginia assessment area.

CRA APPENDIX D

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, small business, and small farm loans considered in the evaluation. Deposit volume includes all bank deposits and is current as of June 30, 2020 considered in the evaluation.

Assessment Area	HMDA/CRA Loan Volume				Branches		Deposit Volume	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Smyth County, VA NonMSA	935	75.8%	\$79,075	72.2%	10	58.8%	\$313,699	80.9%
Kingsport-Bristol, VA	291	23.6%	\$29,533	27%	6	35.3%	\$69,240	17.9%
Johnson City, TN	8	0.6%	\$910	0.8%	1	5.9%	\$4,842	1.2%
TOTAL	1,234	100%	\$109,518	100%	17	100%	\$387,781	100%

CRA APPENDIX E

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

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

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