



PUBLIC DISCLOSURE

January 25, 2021

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

The National Bank of Blacksburg
Charter Number 12229

100 South Main Street
Blacksburg, Virginia 24060

Office of the Comptroller of the Currency
Roanoke Field Office
4419 Pheasant Ridge Road, Suite 300
Roanoke, Virginia 24014

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not 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.

Table of Contents

OVERALL CRA RATING.....	2
DESCRIPTION OF INSTITUTION.....	3
SCOPE OF THE EVALUATION.....	5
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	6
STATE RATING.....	7
STATE OF VIRGINIA.....	7
LENDING TEST.....	14
COMMUNITY DEVELOPMENT ACTIVITIES.....	17
APPENDIX A: SCOPE OF EXAMINATION.....	A-1
APPENDIX B: SUMMARY OF MMSA AND STATE RATINGS.....	B-1
APPENDIX C: DEFINITIONS AND COMMON ABBREVIATIONS.....	C-1
APPENDIX D: TABLES OF PERFORMANCE DATA.....	D-1

Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**

The Lending Test is rated: Satisfactory.

The Community Development test is rated: Satisfactory.

The Lending Test rating is based on The National Bank of Blacksburg's (NBB) performance in the state of Virginia. The major factors that support this rating include:

- The bank's average quarterly loan-to-deposit (LTD) ratio is reasonable based on the bank's size, financial condition, and credit needs of the assessment areas (AAs).
- A majority of the bank's home mortgage loans and small loans to businesses are inside its AAs.
- The bank exhibits a reasonable geographic distribution of loans in the AAs.
- The bank's distribution of loans represents a reasonable distribution among borrowers of different income levels in the AAs.

The Community Development (CD) Test rating is based on the bank's CD activities, including lending and services, in the state of Virginia. The major factors that support this rating include:

- The bank's CD performance demonstrates adequate responsiveness to the CD needs of the AAs through CD lending, qualified investments, donations and grants, and CD services.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's loan-to-deposit ratio (LTD) is reasonable. The bank's quarterly average LTD ratio for the fifteen consecutive quarters since the previous CRA Performance Evaluation is 64.6 percent. This ratio has moderately increased since the previous CRA evaluation, which posted an average of 61.4 percent. The bank's quarterly LTD ratios ranged from a quarterly low of 60.7 percent as of March 31, 2018, to a quarterly high of 68.0 percent as of September 30, 2018.

NBB's quarterly average LTD ratio is below the quarterly average LTD ratio for competitor financial institutions of 85.6 percent. The competitor banks primarily are large, multi-state national banks and large state banks with multiple branches within the same AAs as NBB. These banks offer highly competitive rates on loans and deposit products, which has led to their capturing a higher percentage of the market share. The quarterly average LTD ratio for these similar institutions over the same fifteen consecutive quarters ranged from a quarterly low of 67.3 percent, to a quarterly high of 97.8 percent.

Lending in Assessment Area

A majority of the bank's loans were inside its AAs.

The bank originated and purchased 89.6 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. The bank's level of lending within its AAs was given favorable consideration within the analysis of geographic distribution of lending by income level of geography. The table below illustrates the number and dollar volume of loans the bank originated inside and outside of its AAs.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2017	307	87.0	46	13.0	353	44,464	88.1	5,995	11.9	50,459
2018	258	89.0	32	11.0	290	54,257	86.8	8,285	13.2	62,543
2019	264	92.0	23	8.0	287	45,921	91.5	4,293	8.6	50,215
Subtotal	829	89.1	101	10.9	930	144,643	88.6	18,574	11.4	163,216
Small Business 2017-19	60	96.8	2	3.2	62	4,173	89.1	508	10.9	4,681
Total	889	89.6	103	10.4	992	148,816	88.6	19,082	11.4	167,897

Source: Data reported under HMDA from January 1, 2017 - December 31, 2019 and a sample of small loans to businesses for the same period. Due to rounding, totals may not equal 100.0%.

Description of Institution

The National Bank of Blacksburg is a \$1.5 billion intrastate bank headquartered in Blacksburg, Virginia. The bank is solely owned by its holding company, National Bankshares, Inc. (NBI), also located in Blacksburg, Virginia, reporting \$1.44 billion in total assets as of September 30, 2020. NBI's common stock trades on the NASDAQ Composite Index under the symbol "NKSH". NBI also operates an insurance and brokerage subsidiary, National Bankshares Financial Services, Inc., which does business as National Bankshares Insurance Services and National Bankshares Investment Services. The bank did not request consideration of the affiliate's activities when evaluating the bank's performance. There have not been any merger or acquisition activities since the previous evaluation.

The bank only operated in Virginia during the evaluation period and will be evaluated as a single-state institution. The bank has identified three AAs in Virginia. The Blacksburg-Christiansburg Metropolitan Statistical Area (MSA) 13980 AA (Blacksburg AA) includes the counties of Giles, Montgomery, Pulaski, and the city of Radford, Virginia. While the Blacksburg-Christiansburg MSA includes Floyd County, Virginia, the bank does not include this county in its AA as NBB does not operate any branches in this county. The Kingsport-Bristol, TN-VA MSA 28700 AA (Washington County AA) is specifically Washington County, Virginia. The Kingsport-Bristol, TN-VA MSA, which is part of the Johnson City-Kingsport-Bristol, TN-VA Combined Statistical Area (CSA), also includes Scott County, the city of Bristol in Virginia, and Hawkins and Sullivan counties in Tennessee. However, NBB does not include these counties in its AA as the bank does not operate any branches in these counties or city. The SW Virginia-West Virginia non-MSA AA (SW Virginia AA) includes the city of Galax, and Bland, Carroll, Grayson, Smyth, Tazewell, and Wythe counties in Virginia; and contiguous portions of McDowell and Mercer counties in West Virginia.

NBB is a full service community bank, with 25 branches and 23 automated teller machines (ATMs) serving the cities of Radford and Galax, and the counties of Bland, Carroll, Giles, Grayson, Montgomery, Pulaski, Smyth, Tazewell, Washington, and Wythe in Virginia; and portions of the adjacent counties of McDowell and Mercer in West Virginia in the three AAs. The bank did not open any branches during the evaluation period. In 2017, the bank closed the Marion office located at 303 South Commerce Street, Marion, Virginia, which is in a middle-income census tract (CT) in Tazewell County. The bank also closed the one stand-alone ATM located at 1100 E. Main Street, Pulaski, Virginia, a middle-income CT, during the evaluation period.

Branch operating hours are convenient and consistent with the offerings of the bank's competition. All full-service offices maintain reasonable hours of operation, including Saturday morning hours. The bank offers normal business hours during the week and offers Saturday drive-in hours at branch locations, except the South Main, Corporate Research Center, Pembroke, Pulaski, Abingdon, Main Street, and Virginia Avenue locations. NBB offers a variety of deposit and loan products to meet consumer and commercial banking needs. Currently, due to the COVID-19 Pandemic and the resulting restrictions on public gatherings, etc., the branch lobbies are now closed to the general public, but do offer appointment only services to their customers. Customers are provided with 24-hour access to deposits through the bank's ATM network, mobile banking, on-line banking, and 24-hour telephone banking services. The bank's Internet website, <https://www.nbbank.com>, provides detailed information on bank locations, hours of operation, and products and services for both consumers and businesses.

There are no legal, financial or other factors impeding NBB's ability to help meet the credit needs in its AAs. NBB received a "Satisfactory" rating on its January 29, 2018 CRA Performance Evaluation.

NBB's business strategy focuses on loans to businesses, residential mortgage loans, and consumer loans. The bank is primarily a real estate lender, with approximately 80.5 percent of the loan portfolio consisting of real estate secured loans. NBB reported total loans of \$734.4 million, or 55.7 percent of total assets as of December 31, 2019. Tier 1 Capital was \$182 million as of December 31, 2019.

For purposes of this evaluation, we considered small loans to businesses and residential mortgage loans as primary products, based on the bank's business strategy and balances outstanding. Please refer to the table below for a summary of NBB's loan types during the evaluation period.

Loan Product Category	Gross Loans as of December 30, 2019	
	Balance Outstanding (\$000s)	% of Total Loans
Non-Farm/Non-Residential	272,457	37.1
1-4 Family Residential	182,221	24.8
Multi-family Residential	88,260	12.0
Obligations of states and political subdivisions	63,789	8.7
Commercial & Industrial	43,661	5.9
Construction & Land Development	42,276	5.8
Loans to Individuals	34,231	4.7
Farm loans	7,461	1.0
Total	\$734,356	100.0

**Schedule RC-C Part 1 - Loans and Leases as reported in the Consolidated Reports of Condition and Income as of December 31, 2019.*

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation is an assessment of NBB's ability to meet the credit needs of its AAs. We evaluated NBB using the Intermediate Small Bank (ISB) evaluation procedures, which include a lending test and CD test. The lending test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. The CD test evaluates the bank's responsiveness to CD needs of its AAs through qualified lending, investments and donations, and services.

To evaluate performance under the lending test, we reviewed the bank's primary loan products, home mortgage loans and loans to small businesses, originated during the review period of January 1, 2017 through December 31, 2019.

In assessing performance with respect to the CD test, we evaluated the bank's CD loans, services, and investments that satisfied the definition of community development made during the review period of January 1, 2017 through December 31, 2019.

The bank originated a minimal number of small farm and consumer loans during the evaluation period. As a result, an analysis of loans for these product types is not meaningful and has been omitted from our review.

With an evaluation period end date of December 31, 2019, qualifying activities performed in response to the significant impact the COVID-19 Pandemic has had on economies across the United States are not addressed in this evaluation. Bank qualifying activities will be appropriately considered in the subsequent evaluation.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state were selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Please refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Please refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank's overall rating is based on the rating for the state of Virginia. The state rating is based on a blend of ratings from all three AAs in Virginia. A full-scope review was performed for the Blacksburg AA and the SW Virginia AA. A limited scope review was performed for the Washington County AA. To achieve the lending test rating, more weight was placed on the home mortgage loans originated in the Blacksburg AA because a majority of the bank's lending and deposits are located in this AA.

Please refer to the "Scope" section under the state Rating Section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Virginia

CRA rating for the State of Virginia: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- The average quarterly LTD ratio for NBB is reasonable, given the bank's size, financial condition and assessment areas' (AAs) credit needs.
- A majority of loans were originated inside the institution's AAs.
- The bank exhibits excellent geographic distribution of loans in the AAs.
- The bank exhibits reasonable distribution of lending to borrowers of different income levels and businesses of different sizes in the AAs.
- NBB's CD performance exhibits adequate responsiveness to the CD needs of the AAs through CD lending, qualified investments, CD donations and grants, and services.

Description of Institution's Operations in Virginia

NBB operates in three AAs in the state of Virginia as stated in the Description of the Institution. The bank's 25 branches and 23 ATMs are located in the AAs. NBB's deposits by AA are Blacksburg AA holds 69.7 percent; SW Virginia AA holds 29.1 percent; and Washington County AA holds 1.2 percent. During the evaluation period, NBB originated or purchased 75.5 percent of its home mortgage loans (by number) in the Blacksburg AA; 20.6 percent of its home mortgage loans in the SW Virginia AA; and approximately 4.0 percent of its home mortgage loans in the Washington County AA.

The bank primarily operates as a traditional residential mortgage lender. The bank's residential products include mortgage loans for the purchase, refinance, home improvement, and construction of one to four family households. The bank also offers a range of business lending products. Additionally, the bank offers a standard variety of deposit banking products including personal checking and savings accounts, money markets, certificates of deposit, individual retirement accounts, and business tiered interest checking accounts.

The bank faces significant competition in its AAs. According to the Federal Deposit Insurance Corporation's (FDIC) Summary of Deposits Report as of June 30, 2019, there were 26 institutions accepting retail deposits in the AAs. NBB ranked second among depository institutions in its combined AAs with a deposit market share of 13.1 percent as of June 30, 2019. The bank's total deposits were approximately \$1.1 billion, which were all within the bank's market. Primary competitors and their deposit market share are Branch Banking and Trust Company (BB&T) (14.9 percent), Wells Fargo Bank, N.A. (10.7 percent), First Community Bank (9.6 percent), Atlantic Union Bank (9.5 percent), Carter Bank & Trust (7.9 percent), and The First Bank and Trust Company (5.9 percent). Of the remaining competitors, no institutions held more than five percent of the deposit market share.

Blacksburg AA

Demographic Information of the Assessment Area Assessment Area: Blacksburg AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	33	0.0	3.0	66.7	18.2	12.1
Population by Geography	164,959	0.0	4.6	65.8	21.1	8.6
Housing Units by Geography	71,128	0.0	3.8	72.6	21.6	2.0
Owner-Occupied Units by Geography	37,403	0.0	1.1	76.7	21.6	0.6
Occupied Rental Units by Geography	25,122	0.0	7.8	64.5	23.8	3.9
Vacant Units by Geography	8,603	0.0	3.9	78.1	15.3	2.7
Businesses by Geography	9,575	0.0	1.7	70.7	25.7	1.9
Farms by Geography	372	0.0	0.8	71.2	26.3	1.6
Family Distribution by Income Level	36,114	18.4	18.1	21.7	41.9	0.0
Household Distribution by Income Level	62,525	27.3	13.3	17.9	41.5	0.0
Median Family Income MSA - 13980 Blacksburg-Christiansburg, VA MSA	\$60,971		Median Housing Value			\$179,995
			Median Gross Rent			\$780
			Families Below Poverty Level			9.2%
<i>Source: 2015 ACS and 2019 D&B Data. Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

This AA includes the counties of Giles, Montgomery, and Pulaski, and the city of Radford. These geographies represent the entirety of the Blacksburg AA. This AA consists of 33 CTs: one moderate-income tract, 22 middle-income tracts, six upper-income tracts, and four undesignated income tracts. There are no low-income tracts and no designated distressed or underserved middle income CTs in this AA. None of the CTs in the Blacksburg AA were arbitrarily excluded by the bank. NBB operates 15 of its 25 bank branches in the Blacksburg AA with one branch located in a moderate-income CT, 12 branches located in middle-income CTs, and two branches located in upper-income CTs. The bank closed the stand-alone ATM located in Pulaski County in 2017, as stated above in the Description of the Institution.

NBB ranks first out of 14 institutions in the AA with 23.3 percent of the deposit market share in the Blacksburg AA, according to the Deposit Market Share Report prepared by the FDIC as of June 30, 2019. Primary competitors and their deposit market share are Atlantic Union Bank (22.4 percent); Wells Fargo Bank, N.A. (16.2 percent); BB&T (9.5 percent); Carter Bank & Trust (6.3 percent); and SunTrust Bank (6.2 percent). Of the remaining competitors, no institutions held more than five percent of the deposit market share.

The local economy is diversified, stable, and strong; and continues to grow year after year. Advanced manufacturing, healthcare, information technology and unmanned systems, and higher education are the four focus areas that drive economic growth in the AA. The AA is dominated by the presence of Virginia Polytechnic Institute and State University (Virginia Tech), and the Radford University. Blacksburg, the larger of the towns, is home to Virginia Tech, while Radford, the only city in the group, is home to Radford University.

According to the Bureau of Labor Statistics, the unemployment rate in the Blacksburg AA ranged from an annual average of 4.2 percent for 2017, to an annual average of 3.0 percent for 2019. These unemployment rates are comparable to the national unemployment rate of 4.1 percent, and 3.6 percent for the same time period. The state of Virginia unemployment rates were below the MSA and the national unemployment rates for the same time period, reporting an annual average of 3.7 percent in 2017, and an annual average of 2.8 percent in 2019. Major employers in the AA are Virginia Tech, Volvo Group North America, Inc., Montgomery County School Board, Radford University, and Moog Inc.

We conducted an interview with two community contacts to determine credit and development needs in the AA. The first contact is an affordable housing organization that provides quality-built, responsibly managed, service-enriched homes for low-income individuals and families across the Southeast and Mid-Atlantic, which includes the state of Virginia. The organization's real estate development is funded mostly through low-income housing tax credit (LIHTCs). At the end of the 15-year limited partnership, the organization often interfaces with several banks to secure mezzanine or long-term financing for refinancing those programs or for rehabilitation of the properties. The contact stated that the local banking institutions in the area demonstrate a good degree of involvement in community development activities.

The second contact is a governmental agency that is a council to four counties in Southwest Virginia (Montgomery, Pulaski, Giles, and Floyd), and three higher education institutions that focuses on technical assistance, economic development, housing, transportation, and land use planning. The biggest challenge in the area is affordable housing. The contact stated the agency and local officials are discussing the development of a regional land bank, which may provide an opportunity for banks to get involved when the land bank is established. The contact stated that the local banking institutions in the area demonstrate a good degree of involvement in community development activities. The locally based banks are very responsive to the limited credit needs and bank board members serve on additional community agency boards looking for ways to provide financial assistance to the AA.

SW Virginia AA

Demographic Information of the Assessment Area						
Assessment Area: SW Virginia AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	50	0.0	28.0	68.0	4.0	0.0
Population by Geography	186,187	0.0	24.7	70.5	4.9	0.0
Housing Units by Geography	94,507	0.0	25.7	70.1	4.3	0.0
Owner-Occupied Units by Geography	56,128	0.0	24.7	70.7	4.6	0.0
Occupied Rental Units by Geography	20,390	0.0	26.1	69.1	4.8	0.0
Vacant Units by Geography	17,989	0.0	28.2	69.2	2.6	0.0
Businesses by Geography	10,712	0.0	20.3	72.5	7.2	0.0
Farms by Geography	712	0.0	18.3	77.4	4.4	0.0
Family Distribution by Income Level	51,136	23.5	19.5	20.7	36.3	0.0
Household Distribution by Income Level	76,518	27.1	17.8	17.5	37.6	0.0
Median Family Income Non-MSAs - VA		\$51,647	Median Housing Value			\$96,729
Median Family Income Non-MSAs - WV		\$48,107	Median Gross Rent			\$569
			Families Below Poverty Level			14.3%

Source: 2015 ACS and 2019 D&B Data. Due to rounding, totals may not equal 100.0%
 (*) The NA category consists of geographies that have not been assigned an income classification.

The SW Virginia AA is located in southwestern Virginia and includes the counties of Bland, Carroll, Grayson, Smyth, Tazewell, Wythe, and the city of Galax; two CTs in McDowell County, and six CTs in Mercer County in the state of West Virginia. These 8 CTs in West Virginia are contiguous to the counties in Virginia included in the SW Virginia AA. The AA consists of 14 moderate-income, 34 middle-income, and 2 upper-income CTs. There are 28 middle-income CTs are designated as distressed and/or underserved middle-income tracts in this AA due to the poverty, unemployment and/or remote rural location. There are no low-income tracts in this AA. NBB operates nine of its 25 bank branches in the SW Virginia AA with one branch located in moderate-income CTs, four branches located in middle-income CTs, and four branches located in upper-income CTs. The bank closed the Marion, Virginia office in 2017 as stated in the Description of the Institution.

NBB ranks third with 9.74 percent of the deposit market share in the SW Virginia AA, according to the FDIC's Deposits Market Share Report as of June 30, 2019. Primary competitors and their deposit market share are BB&T (20.7 percent); First Community Bank (14.1 percent); Carter Bank & Trust (9.3 percent); and Skyline National Bank (6.2 percent). Of the remaining competitors, no institutions held more than 6 percent of the deposit market share.

Southwestern Virginia differs from the rest of the state in that its culture is more closely associated with Appalachia than the other regions in the state of Virginia. While endowed with abundant natural resources, Appalachia has long been associated with and struggled with poverty. With the decline in the number of coal jobs and the decline of tobacco as a cash crop, SW Virginia is increasingly turning to tourism as a source of economic development. Collectively, SW Virginia's craft, music, agritourism, and outdoor

recreation are referred to as the region's "creative economy." The center of SW Virginia's creative economy movement is Heartwood, a regional visitors' center with a restaurant and craft galleries located off of Interstate 81 in the town of Abingdon. This \$17 million facility, built through a collaborative state and regional partnership, opened in 2011 and serves as the hub of regional networks and driving trails that cater to visitors.

According to the Bureau of Labor Statistics, the unemployment rate in the SW Virginia AA ranged from an annual average of 5.2 percent for 2017, to an annual average of 4.4 percent for 2019. These unemployment rates are comparable to the national unemployment rate of 4.1 percent, and 3.6 percent for the same time period. The state of Virginia unemployment rates were below the AA and the national unemployment rates for the same time period, reporting an annual average of 3.7 percent in 2017, and an annual average of 2.8 percent in 2019. Major employers are Food City, Walmart, Utility Trailer Manufacturing, Washington County Schools, and Mountain States Health.

We conducted an interview with a community contact to determine credit and development needs in the AA. We interviewed a representative of a private non-profit corporation focused on reducing poverty and promoting self-sufficiency of the poor in Tazewell County, Virginia and the surrounding counties. The organization provides resources and opportunities to individuals, families, and communities in a supportive environment to improve the quality of life. Programs include Housing Section 8 administration; Weatherization programs; Family Crisis Services; and Senior Companion Program. All services provided are based on the state of Virginia poverty guidelines. The contact stated that the local banking institutions in the area demonstrate a good degree of involvement in community development activities. The locally based banks are very responsive to the limited credit needs and bank board members serve on additional community agency boards looking for ways to provide financial assistance to the AA.

Washington County AA

Demographic Information of the Assessment Area Assessment Area: Washington County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	13	0.0	0.0	61.5	38.5	0.0
Population by Geography	54,759	0.0	0.0	68.8	31.2	0.0
Housing Units by Geography	25,704	0.0	0.0	67.0	33.0	0.0
Owner-Occupied Units by Geography	17,273	0.0	0.0	68.1	31.9	0.0
Occupied Rental Units by Geography	5,400	0.0	0.0	62.2	37.8	0.0
Vacant Units by Geography	3,031	0.0	0.0	69.3	30.7	0.0
Businesses by Geography	3,766	0.0	0.0	58.3	41.7	0.0
Farms by Geography	243	0.0	0.0	68.7	31.3	0.0
Family Distribution by Income Level	15,163	17.3	18.2	19.0	45.5	0.0
Household Distribution by Income Level	22,673	19.9	16.3	17.9	45.9	0.0
Median Family Income MSA - 28700 Kingsport-Bristol, TN-VA MSA		\$51,210	Median Housing Value			\$130,786
			Median Gross Rent			\$594
			Families Below Poverty Level			8.5%
<i>Source: 2015 ACS and 2019 D&B Data. Due to rounding, totals may not equal 100.0%</i> (*) The NA category consists of geographies that have not been assigned an income classification.						

The bank's AA operates in one county, Washington County, Virginia, within the multi-state Kingsport-Bristol TN-VA 28700 MSA AA. Washington County consists of eight middle-income CTs and five upper-income CTs. There are no low-, or moderate-income CTs and no designated distressed or underserved middle-income tracts in this AA. NBB has one branch in this AA in a middle-income CT located in Abingdon, Virginia.

Major employment sectors in the AA are Manufacturing, Government, Retail Trade, and Health Care and Social Assistance. The top five employers in this AA, according to the Virginia Employment Commission, Quarterly Census of Employment and Wages, Second Quarter 2020 are: Food City, Washington County Schools, Walmart, Mountain State Health, and Utility Trailer Manufacturing.

According to the Bureau of Labor Statistics, the unemployment rate in the Washington County AA ranged from an annual average of 4.1 percent for 2017, to an annual average of 3.3 percent for 2019. These unemployment rates are comparable to the national unemployment rate of 4.1 percent, and 3.6 percent for the same time period. The State of Virginia annual average unemployment rates were below the AA and the national unemployment rates for the same time period, reporting an annual average of 3.7 percent in 2017, and an annual average of 2.8 percent in 2019.

Scope of Evaluation in the State of Virginia

NBB does business in three defined AAs within the state of Virginia. The Blacksburg AA and the SW Virginia AA were selected for full scope review as the majority of the bank's operations are within these AAs. The Blacksburg AA accounted for 75.5 percent of home mortgage loans originated during the

evaluation period, and 69.7 percent of the bank's deposits as of December 31, 2019. The SW Virginia AA accounted for 20.6 percent of home mortgage loans originated during the evaluation period, and 29.1 percent of the bank's deposits as of December 31, 2019.

The Washington County AA received a limited scope review due to low volume of loan activity and deposits in this AA. This AA accounted for approximately 4 percent of home mortgage loans originated during the evaluation period, and 1.21 percent of total deposits as of December 31, 2019.

In evaluating performance under the Lending Test and determining how each loan type would be weighted, we considered the bank's business strategy and financial condition, the number and types of loans originated and outstanding, and community credit needs identified through discussions with community contacts. We also considered the state of the area economy, business climate, and market demographics to determine the extent to which opportunities to lend are present.

Conclusions with Respect to Performance Tests in Virginia

LENDING TEST

The bank's performance under the Lending Test in the state of Virginia is rated Satisfactory.

Conclusions for Areas Receiving a Full-Scope Review

Based on full- and limited-scope reviews, the bank's lending performance in the state of Virginia is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in the state of Virginia.

In reaching a conclusion, we weighed the lending performance of home mortgage loans more heavily as it is based on the total Home Mortgage Data Act (HMDA) loan originations for the evaluation period and small loans to business analysis is based on a sample of such loans. We weighted lending performance in the Blacksburg AA more heavily than the SW Virginia AA given the majority of NBB's branches, deposits and lending activity are located in the Blacksburg AA.

There are fifteen moderate-income CTs and no low-income CTs in the AAs. Consideration is also given to the 28 designated distressed or underserved middle income tracts in the SW Virginia AA. This designation is given to these tracts due to the remote rural location, poverty and/or unemployment levels of these CTs.

Home Mortgage Loans

Please refer to Table O in the state of Virginia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Blacksburg AA

The geographic distribution of home mortgage loans reflects excellent dispersion throughout CTs of different income levels. The percentage of home mortgage loans originated in moderate-income geographies exceeds the percentage of owner-occupied housing units (OOHU) in moderate-income geographies and exceeds the aggregate lending in the moderate-income geographies.

SW Virginia AA

The geographic distribution of home mortgage loans reflects excellent dispersion throughout CTs of different income levels. The percentage of home mortgage loans originated in moderate-income geographies is near to the percentage of OOHUs in moderate-income geographies and exceeds the aggregate lending in the moderate-income geographies.

Small Loans to Businesses

Please refer to Table Q in the state of Virginia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

Blacksburg AA

The distribution of loans to businesses reflects reasonable dispersion in the AA.

The loan sample of business-purpose loans in the AA resulted in no loans originated or purchased in the one moderate-income CT. Given that there are only 1.7 percent of businesses and 1.3 percent aggregate lending in the one moderate-income CT, the geographic distribution is considered reasonable.

SW Virginia AA

The distribution of loans to businesses reflects excellent dispersion in the AA.

The percentage of loans originated in moderate-income CTs exceeds the percentage of businesses and exceeds the aggregate lending in the moderate-income CTs in the AA for the evaluation period.

Lending Gap Analysis

We found no conspicuous gaps or areas of low activity in the bank's lending patterns.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

In reaching a conclusion, we weighed the low-, and moderate-income borrowers equally as the proportionate percentage of families live within these CTs. We weighed the lending performance of home mortgage loans more heavily as it is based on the total HMDA loan originations for the evaluation period and small loans to business analysis is based on a sample of such loans.

Home Mortgage Loans

Please refer to Table P in the state of Virginia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Blacksburg AA

The borrower distribution of loans reflects reasonable penetration among individuals of different income levels, given the demographics of the AA. The percentage of home mortgage loans to low-income borrowers is well below the percentage of families in the low-income CTs and exceeds to the percentage of aggregate lending in these geographies. The percentage of home mortgage loans to moderate-income borrowers somewhat below the percentage of families in the moderate-income CTs and somewhat below the percentage of aggregate lending in these geographies.

Market competition for homes is significant within the AA. According to the 2019 Peer Mortgage Market Share Data, lending within the AA is largely dominated by nationwide institutions. NBB, ranked ninth, competed with 98 lenders within the AA and the top eight institutions account for approximately 48 percent of the overall market share within the AA.

The weighted average of median housing in this AA is \$179,995. According to the 2019 FFIEC average MSA median family income, low-income families earn less than \$32,850, and moderate-income families earn less than \$52,560. The lack of affordability limits the opportunities for home purchase lending to low-, and moderate-income individuals. For this reason, it is deemed reasonable for the number of loans made to low-, and moderate-income families to be below the number of families that represent these income tracts.

SW Virginia AA

The borrower distribution of loans reflects reasonable penetration among individuals of different income levels, given the demographics of the AA. The percentage of home mortgage loans to low-income borrowers is well below the percentage of families in the low-income CTs and somewhat below the percentage of aggregate lending in these geographies. The percentage of home mortgage loans to moderate-income borrowers exceeds the percentage of families in the moderate-income CTs and exceeds the percentage of aggregate lending in these geographies.

Market competition for homes is significant within the AA. According to the 2019 Peer Mortgage Market Share Data, lending within the AA is largely dominated by nationwide institutions. NBB ranked 17, of 111 lenders within the AA. The top ten institutions account for approximately 52 percent of the overall market share within the AA.

The weighted average of median housing in this AA is \$96,729. According to the 2019 FFIEC average MSA median family income, low-income families in Virginia earn less than \$28,050; and low-income families in West Virginia earn less than \$26,100. The lack of affordability limits the opportunities for home purchase lending to low-income individuals. For this reason, it is deemed reasonable for the number of loans made to low-income families to be below the number of families that represent these income tracts.

Small Loans to Businesses

Please refer to Table R in the state of Virginia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

Blacksburg AA

The distribution of loans to small businesses (those with less than \$1 million in gross annual revenues) is poor. By number volume, the percentage of loans to small businesses is well below the percentage of small businesses in the AA and somewhat below the aggregate lending for these businesses.

SW Virginia AA

The distribution of loans to small businesses (those with less than \$1 million in gross annual revenues) is excellent. By number volume, the percentage of loans to small businesses is near to the percentage of small businesses in the AA and exceeds the aggregate lending for these businesses.

Responses to Complaints

There were no CRA complaints received by the bank or the agency since the previous examination regarding performance in meeting the credit needs of the bank's established AA.

Conclusions for Area Receiving a Limited Scope Review

Based on a limited-scope review, the bank's performance under the Lending Test in the Washington County AA is greater than the bank's overall performance for the borrower distribution under the Lending Test in the full-scope areas. The percentage of home mortgage loans to low-income borrowers is somewhat below the percentage of families in the low-income CTs and exceeds the percentage of aggregate lending in these geographies. The percentage of home mortgage loans to moderate-income borrowers exceeds the percentage of families in the moderate-income CTs and exceeds the percentage of aggregate lending in these geographies. The distribution of loans to small businesses (those with less than \$1 million in gross annual revenues) is excellent. By number volume, the percentage of loans to small businesses exceeds the

percentage of small businesses in the AA and exceeds the percentage of aggregate lending to these businesses. There were no low- or moderate-income geographies in the Washington County AA in this evaluation period. Therefore, an analysis of the geographic distribution of loans would not be meaningful.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the Community Development (CD) Test in the state of Virginia is rated Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope and limited-scope reviews, the bank exhibits reasonable responsiveness to community development needs in the state through CD loans; qualified investments, grants and donations; and CD services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities for CD in the bank’s AAs.

Number and Amount of Community Development Loans

The CD Loans Table, shown below, sets forth the information and data used to evaluate the bank’s level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000’s)	% of Total \$
Blacksburg AA	2	100%	1,700	100%

The level of qualified community development loans in the AA indicates reasonable responsiveness to the needs of the community. NBB originated two CD loans totaling \$1.7 million, or 0.93 percent of Tier 1 Capital as of December 31, 2019.

Blacksburg AA

NBB’s CD lending in the AA demonstrates reasonable responsiveness to the needs of the community. CD lending had a positive impact on lending performance in the Blacksburg AA. During the performance evaluation period, NBB originated the following CD loans:

- A \$1.250 million loan to a housing development organization to construct affordable housing in the AA. This housing project provided ten of the sixteen apartments for low-, and moderate-income families.
- A \$450 thousand loan to a non-profit entity for a revolving line of credit to be used for the construction of seven new townhouses in the AA. The entity builds affordable housing for lower income residents in Floyd, Giles, Montgomery, and Pulaski Counties, as well as the city of Radford.

SW Virginia AA

NBB did not originate CD loans in this AA during the evaluation period. CD lending had a negative impact on lending performance in the SW Virginia AA.

Opportunities to lend in the AA for CD purposes are limited. NBB participates in two lending programs that support small business and downtown redevelopment. During the evaluation period, the bank originated no loans under these programs. Borrowers typically are drawn to these programs to take advantage of low or subsidized interest rates. However, interest rates on conventional business loans remained low during the evaluation period. Additionally, the bank originates loans for CD purposes, in amounts less than \$1 million that are considered, by definition in the CRA, small loans to businesses.

Number and Amount of Qualified Investments

Qualifying investments are investments, deposits, membership shares, or grants that have as their purpose community development, as defined in the CRA regulation. The opportunity and availability of qualified CD related investments within the bank’s assessment areas is limited. The Qualified Investment table, shown below, sets forth the information and data used to evaluate the bank’s level of qualified CD investments. This table includes all CD investments, including prior period investments that remain outstanding as of the examination date.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Blacksburg AA	0	0	49	116	49	75.39	116	2.26	0	0
SW Virginia AA	0	0	8	4	8	12.31	4	0.08	0	0
Washington County AA	4	1,813	0	0	4	6.15	1,813	35.25	0	0
Statewide	2	1,725	2	1,485	4	6.15	3,210	62.41	0	0
Total	6	3,538	59	1,605	65	100.00	5,143	100.00		

* *Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.*

** *Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.*

The level of qualified investments and donations in the AA demonstrates reasonable responsiveness to the needs of the community. CD investments totaled \$5.1 million, and includes 65 grants and donations totaling \$166 thousand; four investments in the bank’s AAs totaling \$1.8 million; and four qualified investments totaling \$3.2 million that benefit the broader regional or statewide area. Qualified investments for the review period were 2.83 percent of the bank’s Tier 1 Capital as of 12/31/2019.

Blacksburg AA

The bank has an adequate level of qualified investments in the AA.

NBB made 49 grants and donations totaling \$116 thousand to CD organizations that provide direct support, services and activities that impact moderate-income geographies; and low-, and moderate-income individuals in the AA. Recipients included:

- An organization that builds and repairs houses using volunteer labor and donations;

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

- An organization that assists low-income individuals and seniors with access to affordable healthy food; educate children about health issues and sustainable agriculture; and promote the economic vitality of downtown Blacksburg;
- An organization that provides high quality primary and specialty health care to people in the New River Valley who are uninsured, and who cannot afford access to health care;
- An organization that provides access, affordability, quality and opportunities for childcare workforce development and affordable childcare in the New River Valley;
- An organization that provides temporary housing, long-term care, and transportation for low- and moderate-income families;
- An organization that offers housing, food and educational support services and resources for low-income families;
- An organization that funds economic development activities and programs to revitalize or stabilize moderate-income areas in the AA; and,
- Financial literacy programs designed into the school curriculum for high schools in the AA.

SW Virginia AA

The bank has a poor level of qualified investments in the AA.

NBB made eight investments totaling approximately \$4 thousand to CD organizations that provide direct support, services and activities that impact moderate-income geographies and low- and moderate-income individuals in the AA. Recipients included:

- An organization that offers programs to assist special needs individuals, low-income families and seniors. Financial assistance was given to 20 percent of children in childcare program from low-income families;
- An organization that provides financial assistance, food, clothing, temporary shelter for the purpose of reducing poverty and promoting self-sufficiency of the low-income families in the AA; and,
- An organization that assists low- and moderate-income families with food and shelter and other resources that lead to economic independence. The agency provides assistance to over 3 thousand individuals annually.

Statewide Investments

Virginia Housing Development Authority

The bank has two qualified prior-period investments to Virginia Housing Development Authority (VHDA) during the evaluation period with book value of \$1.7 million. The investments are located in the broader statewide or regional area that includes the bank's AAs and has the potential to benefit the bank's AAs. The VHDA finances the acquisition, construction, rehabilitation, and ownership of housing intended for occupancy or ownership by families of low or moderate income in the state of Virginia. The proceeds from the bonds, notes, and other obligations issued by the VHDA are used to make mortgage loans. NBB's AAs are located in the state of Virginia, and has the ability to benefit from the efforts of the VHDA.

Virginia Community Capital

NBB purchased an investment in Virginia Community Capital (VCC) in the amount of \$250 thousand during the evaluation period. VCC is a Community Development Financial Institution (CDFI) with a mission to create jobs, energize places, and promote an enhanced quality of life for Virginians. With offices in Christiansburg, Norfolk, and Richmond, the organization offers innovative and flexible

financing tools throughout the state. In addition, the organization provides professional advisory services to individuals and organizations in low -to -moderate income and underserved communities.

Extent to Which the Bank Provides Community Development Services

The bank has provided an adequate level of CD services throughout its AAs. The bank's delivery systems in its AAs are accessible to geographies and individuals of different income levels throughout the region. The bank has 25 full-service branches within their AAs, two of which are located in moderate-income CTs; and three full-service branches located in distressed and underserved nonmetropolitan middle-income CTs.

During the evaluation period, 12 members of the bank's management team lent their knowledge and experience as professional bankers to 16 different organizations that promote community service, economic development, community stabilization, or revitalization of local communities within the bank's AAs.

Conclusions for Area Receiving a Limited Scope Review

Based on a limited-scope review, the bank's performance under the CD Test in the Washington County AA is consistent with the bank's overall performance under the CD Test in the full scope areas. The bank did not purchase any qualified investments in this AA during the evaluation period. The bank was given credit for the four prior period investments in the total amount of \$1.8 million for the Washington County AA. NBB did not originate any community development loans in the Washington County AA during the evaluation period. While there were no bank employees reported to have been involved in qualified CD services, there were bank personnel involved in charitable or civic organizations that provide indirect service to LMI persons or geographies. This has a negligible effect on our overall assessment given the bank's minimal market presence in this AA.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	1/1/2017 to 12/31/2019	
Bank Products Reviewed:	Home mortgage, and small business loans Community development loans, qualified investments, community development services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
NONE		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
State of Virginia:		
Blacksburg-Christiansburg MSA 13980 AA (Blacksburg AA)	Full Scope	AA includes all census tracts in the counties of Giles, Montgomery, Pulaski, and the city of Radford
SW Virginia non MSA (SW Virginia AA)	Full Scope	AA includes all census tracts in Bland, Carroll, Grayson, Smyth, Tazewell, and Wythe County and the city of Galax. Census tract 9542 and 9545.01 in McDowell County, West Virginia and census tracts 16, 17, 19, 20, 21, & 22 in Mercer County, West Virginia
Washington County VA (in the Kingsport-Bristol-Bristol TN-VA MSA 28700 (Washington County AA)	Limited Scope	Includes all census tracts in Washington County, Virginia

Appendix B: Summary of MMSA and State Ratings

RATINGS – The National Bank of Blacksburg			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
The National Bank of Blacksburg	Satisfactory	Satisfactory	Satisfactory
MMSA or State:			
State of Virginia	Satisfactory	Satisfactory	Satisfactory

() The Lending Test and Community Development Test carry equal weight in the overall rating.*

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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, 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 (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 conduct 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 applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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 (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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.

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.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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) 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.

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.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017-19	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggt	% of Owner-Occupied Housing Units	% Bank Loans	Aggt	% of Owner-Occupied Housing Units	% Bank Loans	Aggt	% of Owner-Occupied Housing Units	% Bank Loans	Aggt	% of Owner-Occupied Housing Units	% Bank Loans	Aggt	
Blacksburg AA	626	126,182	75.5	3,966	0.0	0.0	0.0	1.1	4.6	2.2	76.7	67.3	67.8	21.6	27.5	29.0	0.6	0.6	0.9	
SW Virginia AA	171	14,619	20.6	3,283	0.0	0.0	0.0	24.7	21.1	20.1	70.7	68.4	74.7	4.6	10.5	5.2	0.0	0.0	0.0	
Washington County AA	32	3,841	3.9	1,146	0.0	0.0	0.0	0.0	0.0	0.0	68.1	65.6	64.7	31.9	34.4	35.3	0.0	0.0	0.0	
Total	829	144,643	100.0	8,395	0.0	0.0	0.0	12.9	7.8	8.9	72.3	67.4	70.1	14.6	24.2	20.6	0.2	0.5	0.4	

Source: 2015 ACS Census;
01/01/2017 - 12/31/2019 Bank Data,
2019 HMDA Aggregate Data, "--" data not available.
The National Bank of Blacksburg is excluded from the Aggregate totals
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017-19	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggt	% Families	% Bank Loans	Aggt	% Families	% Bank Loans	Aggt	% Families	% Bank Loans	Aggt	% Families	% Bank Loans	Aggt	
Blacksburg-AA	626	126,182	75.5	3,966	18.4	8.0	5.2	18.1	12.5	16.3	21.7	19.3	20.2	41.9	43.0	43.2	0.0	17.3	15.1	
Southwest VA AA	171	14,619	20.6	3,283	23.5	5.8	9.0	19.5	21.6	18.8	20.7	25.1	22.7	36.3	35.7	33.3	0.0	11.7	16.2	
Washington County AA	32	3,841	5.7	1,146	17.3	9.4	6.5	18.2	21.9	15.2	19.0	12.5	21.2	45.5	50.0	44.6	0.0	6.3	12.6	
Total	829	144,643	100.0	8,395	20.8	7.6	6.9	18.8	14.7	17.1	20.8	20.3	21.3	39.6	41.7	39.5	0.0	15.7	15.2	

Source: 2015 ACS Census ;
01/01/2017 - 12/31/2019 Bank Data,
2019 HMDA Aggregate Data, "--" data not available.
The National Bank of Blacksburg is excluded from the Aggregate totals
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography

2017-19

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggt	% Businesses	% Bank Loans	Aggt	% Businesses	% Bank Loans	Aggt	% Businesses	% Bank Loans	Aggt	% Businesses	% Bank Loans	Aggt
Blacksburg AA	20	2,435	33.4	1,735	0.0	0.0	0.0	1.7	0.0	1.3	70.7	90.0	67.4	25.7	10.0	26.1	1.9	0.0	5.2
SW Virginia AA	20	1,081	33.3	2,132	0.0	0.0	0.2	20.3	30.0	23.1	72.5	60.0	63.1	7.2	10.0	10.8	0.0	0.0	2.7
Washington County AA	20	657	33.3	777	0.0	0.0	0.0	0.0	0.0	0.0	58.3	45.0	57.7	41.7	55.0	40.4	0.0	0.0	1.9
Total	60	4,173	100.0	4,644	0.0	0.0	0.1	9.7	10.0	12.7	69.6	65.0	63.8	20.0	25.0	20.1	0.7	0.0	3.4

Source: 2019 D&B Data;
 01/01/2017 - 12/31/2019 Bank Data;
 2019 CRA Aggregate Data, "--" data not available.
 The National Bank of Blacksburg is excluded from the Aggregate totals
 Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues

2017-19

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$ (,000)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggt	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Blacksburg-AA	20	2,435	33.34	1,735	81.4	35.00	51.4	4.7	35.00	13.9	30.00
SW Virginia AA	20	1,081	33.33	2,132	81.3	80.00	47.5	4.7	20.00	14.0	0.00
Washington County AA	20	657	33.33	777	83.8	85.00	49.2	4.9	10.00	11.3	5.00
Total	60	4,173	100.00	4,644	81.7	66.67	49.0	4.7	21.67	13.5	11.66

Source: 2019 D&B Data;
 01/01/2017 - 12/31/2019 Bank Data; "--" data not available.
 The National Bank of Blacksburg is excluded from the Aggregate totals
 Due to rounding, totals may not equal 100.0%