

Main Office

6 Main Street, P.O. Box 6
Blue Grass, Virginia 24413
(540) 474-2430

Monterey Branch

East Main Street, P.O. Box 516
Monterey, Virginia 24465
(540) 468-1915

**COMMUNITY REINVESTMENT ACT
PUBLIC FILE**

January 2024

Pursuant to The Blue Grass Valley Bank's Community Reinvestment Act Policy and federal regulations, the following information is offered:

1. If received, this file contains all written comments received from the public for the current year and each of the prior two calendar years that specifically relate to the bank's performance in helping to meet community credit needs, and any responses to the comments by the bank, if neither the comments nor the responses contain statements that reflect adversely on the good name or reputation of any persons other than the bank or publication of which would violate specific provisions of law;
2. This file contains a copy of the public section of the bank's most recent CRA Performance Evaluation prepared by the FDIC;
3. A list of the bank's branches, their street addresses, and geographies: The Blue Grass Valley Bank operates one main office located at 2583 Blue Grass Valley Road, Blue Grass, Virginia which is located in Highland County, Virginia, U.S. Bureau of Census tract 9701 and one branch office located at 132 East Main Street, Monterey, Virginia which is also located in Highland County, Virginia, U.S. Bureau of Census tract 9701;
4. A list of branches opened or closed by the bank during the current year and each of the prior two calendar years, their street addresses and geographies: The Blue Grass Valley Bank opened its first branch office November 13, 2000 located at 132 East Main Street, Monterey, Virginia in Highland County, U.S. Bureau of the Census tract 9701, no other branches have been opened or closed;

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5. A list of services (including hours of operation, available loan and deposit products, and transaction fees) generally offered at the bank's branches and descriptions of material differences in the availability or cost of services at particular branches, if any, of which there are none:

The bank's list of deposit products, transaction fees, and other services are disclosed on the attached brochure. The bank also offers internet banking, mobile banking and P2P services.

In addition, the bank offers various loan products:

CONSUMER CREDIT: Closed-end loans for worthwhile personal, household, and family purposes;

HOUSING-RELATED LOANS, INCLUDING:

- "Conventional" residential mortgage loans for 1-4 family purposes,
- Home Improvement loans,
- Loans to purchase lots for subsequent home construction,
- Loans to purchase mobile homes or modular homes,
- Loans for single-family residential construction;

LOANS TO LOCAL BUSINESSES, INCLUDING:

- Short term credit for general working capital,
- Business term loans to purchase equipment,
- Business mortgage loans;

LOANS FOR AGRICULTURAL PURPOSES, INCLUDING:

- Loans for planting, harvesting and marketing crops,
- Short term credit for general working capital,
- Purchase of farm equipment, livestock and land.

ATM machine is located at the Monterey branch office. ATM and Debit cards are available at both the Main and Monterey branch office.

HOURS OF OPERATION:

Main Office: 9:00 A.M. to 4:00 P.M. Monday through Thursday; and from 9:00 A.M. to 6:00 P.M. on Fridays.

Monterey Branch:

Lobby: 9:00 A.M. to 4:00 P.M. Monday through Thursday; and 9:00 A.M. to 6:00 P.M. on Friday; 9:00 A.M. to 12:00 Noon on Saturday.

Drive-Up Window: 8:30 A.M. to 5:00 P.M. Monday through Thursday; and 8:30 A.M. to 6:00 P.M. on Friday; 8:30 A.M. to Noon on Saturday.

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6. Maps depicting the bank's Assessment Area are enclosed. The whole geographies contained within the bank's Assessment Area include Highland County, Virginia and Pendleton County, West Virginia.

Highland County, Virginia (Bureau of the Census County Number 51091) represents Census Tract Number 9701 in its entirety. The areas of Pendleton County, West Virginia within the bank's Assessment Area represents the Western District (Census Tract 9704), the Central District (Census Tract 9705) and the Eastern District (Census Tract 9706). Pendleton County, West Virginia is assigned County number 54071 by the Bureau of the Census.

7. Included in this file is a memorandum listing the bank's Loan to Deposit Ratio for each quarter of the prior calendar year.

MEMORANDUM

DATE: 1-11-24

TO: Community Reinvestment Act Public File

FR: Chanda G. Sponaugle - Compliance Officer

RE: LOAN TO DEPOSIT RATIOS FOR CALENDAR YEAR 2023

<u>QUARTER ENDING</u>	<u>PERCENTAGE</u>
MAR 31, 2023	63.9%
JUN 30, 2023	65.0%
SEP 30, 2023	66.0%
DEC 31, 2023	67.7 %

DEPOSIT PRODUCTS AND SERVICES

The Blue Grass Valley Bank
2583 Blue Grass Valley Road
P.O. Box 6
Blue Grass, VA 24413
January 17, 2024

The Blue Grass Valley Bank, Blue Grass, Virginia has served the area with a wide range of banking products and services since 1915. We believe our service is unmatched in the banking community and we take great pride in personally knowing our customers and their financial needs. If you are not currently banking with us, please give us the opportunity to earn your business.

CHECKING

This checking account gives you unlimited check writing for your banking needs.

Limitations: You must deposit \$20.00 to open this account.

Account Fees: There is no monthly service charge for maintaining a regular checking account.

INVESTOR'S CHECKING ("NOW") ACCOUNT

This account combines a competitive rate of interest with our normal checking account services.

Rate Information: This Account is an interest bearing account. The interest rate and annual percentage yield will depend upon the daily balance in the account as shown on the Rate Chart. The interest rate and annual percentage yield may change. At our discretion, we may change the interest rate on the account monthly. Interest begins to accrue on the business day you deposit noncash items (for example, checks). Interest will be compounded monthly and will be credited to the account monthly.

Balance Information: We use the daily balance method to calculate the interest on the account. This method applies a daily periodic rate to the principal in the account each day. You must maintain a minimum balance of \$1,000.00 in the account each day to obtain the disclosed annual percentage yield.

Limitations: You must deposit \$500.00 to open this account.

Account Fees: If balance drops below \$500.00 during the monthly statement cycle there will be a \$5.00 service charge. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period.

SAVINGS ACCOUNTS

This is a traditional savings account which offers a competitive rate of interest.

Rate Information: This Account is an interest bearing account. The interest rate and annual percentage yield are included in the Rate Chart. The interest rate and annual percentage yield may change. At our discretion, we may change the interest rate on the account monthly. Interest begins to accrue on the business day you deposit noncash items (for example, checks). Interest will be compounded quarterly and will be credited to the account quarterly.

Balance Information: We use the daily balance method to calculate the interest on the account. This method applies a daily periodic rate to the principal in the account each day. You must maintain a minimum balance of \$50.00 in the account each day to obtain the disclosed annual percentage yield.

Limitations: You must deposit \$50.00 to open this account. This account has a limit of six withdrawals per month.

Account Fees: \$1.00 fee per withdrawal on accounts with more than six withdrawals per month. A minimum balance fee of \$5.00 will be imposed every month if the balance in your account falls below \$50.00 any day of the month.

SMART SAVERS CLUB (SCHOOL)

This is a traditional savings account designed specifically for children to teach them the value of saving money and to start them on a savings plan for the future.

Rate Information: This Account is an interest bearing account. The interest rate and annual percentage yield are included in the Rate Chart. The interest rate and annual percentage yield may change. At our discretion, we may change the interest rate on the account monthly. Interest begins to accrue on the business day you deposit noncash items (for example, checks). Interest will be compounded quarterly and will be credited to the account quarterly.

Balance Information: We use the daily balance method to calculate the interest on the account. This method applies a daily periodic rate to the principal in the account each day. You must maintain a minimum balance of \$5.00 in the account each day to obtain the disclosed annual percentage yield.

Limitations: You must deposit \$5.00 to open this account. This account has a limit of six withdrawals per month. When the child turns 18 years of age the account will convert to a regular savings account with the following fees: a minimum balance fee of \$5.00 will be imposed every month if the balance in your account falls below \$50.00 any day of the month; dormant account fee (no customer initiated activity for 3 years on saving accounts) any saving account becoming dormant with a balance of less than \$100.00 will be charged \$3.00 per month.

Account Fees: \$1.00 fee per withdrawal on accounts with more than six withdrawals per month.

MONEY MARKET DEPOSIT ACCOUNT

This account combines a competitive rate of interest but at the same time giving you current access to your money as well as check writing benefit.

Rate Information: This Account is an interest bearing account. The interest rate and annual percentage yield will depend upon the daily balance in the account as shown on the Rate Chart. The interest rate and annual percentage yield may change. At our discretion, we may change the interest rate on the account monthly. Interest begins to accrue on the business day you deposit noncash items (for example, checks). Interest will be compounded monthly and will be credited to the account monthly.

Balance Information: We use the daily balance method to calculate the interest on the account. This method applies a daily periodic rate to the principal in the account each day. You must maintain a minimum balance of \$2,500.00 in the account each day to obtain the disclosed annual percentage yield.

Limitations: You must deposit \$2,500.00 to open this account. You may make six (6) transfers from your account each four (4) week or similar period, if by preauthorized or automatic transfer, or telephone (including data transmission) agreement, order or instruction or by check, draft, debit card or similar order (including POS transactions), made by the depositor and payable to third parties. Transfers and withdrawals made in person, by messenger, by mail or at an ATM are unlimited.

Account Fees: The following fee applies to this account: Activity & Maintenance Fee: \$5.00 per withdrawal above 6 per month. Withdrawals consist of checks or transfers. A minimum balance fee of \$10.00 will be imposed every month if the balance in your account falls below \$1500.00 any day of the month.

CHRISTMAS CLUB

Rate Information: This Account is an interest bearing account. The interest rate and annual percentage yield are included in the Rate Chart. The interest rate and annual percentage yield may change. At our discretion, we may change the interest rate on the account monthly. Interest begins to accrue on the business day you deposit noncash items (for example, checks). Interest will be compounded annually and will be credited to the account annually. If the account is closed before interest is credited, you will not receive the accrued interest. At the end of the club account period October 25, 2024, the funds in the account will be mailed to you by check.

Balance Information: We use the daily balance method to calculate the interest on the account. This method applies a daily periodic rate to the principal in the account each day.

Limitations: You must deposit \$1.00 to open this account. This account allows one early withdrawal during the term of the account.

Account Fees: There is no monthly service charge for maintaining a Christmas Club Account.

182 DAY CERTIFICATE OF DEPOSIT

Rate Information: This Account is an interest bearing account. The interest rate and annual percentage yield are included in the Rate Chart. The interest rate and annual percentage yield will not change for the term of the account. The interest rate will be in effect for 182 days. Interest begins to accrue on the business day you deposit noncash items (for example, checks). Interest will not be compounded on the account. Interest will be credited at maturity. We will mail the interest in a check to you or deposit the interest in an account that you designate.

Balance Information: We use the daily balance method to calculate the interest on the account. This method applies a daily periodic rate to the principal in the account each day.

Limitations: You must deposit \$2,500.00 to open this account. You may not make additional deposits into this account. You may not make withdrawals from your account until the maturity date.

Time Account Information: Your account will mature in 182 days. If you withdraw any of the principal before the maturity date, we may impose a penalty of at least equal to one month's interest earned, or that could have been earned, on the amount withdrawn at the nominal (simple) interest rate being paid on the deposit, regardless of the length of time the funds withdrawn have remained on deposit. This account will automatically renew. You will have 10 calendar days after the maturity date to withdraw funds without penalty.

1 YEAR CERTIFICATE OF DEPOSIT

Rate Information: This Account is an interest bearing account. The interest rate and annual percentage yield are included in the Rate Chart. The interest rate and annual percentage yield will not change for the term of the account. The interest rate will be in effect for 1 year. Interest begins to accrue on the business day you deposit noncash items (for example, checks). Interest will be compounded semi-annually and will be credited semi-annually. We will mail the interest in a check to you or deposit the interest in an account that you designate. The annual percentage yield assumes interest will remain on deposit until maturity. A withdrawal will reduce earnings.

Balance Information: We use the daily balance method to calculate the interest on the account. This method applies a daily periodic rate to the principal in the account each day.

Limitations: You must deposit \$1,000.00 to open this account. You may not make additional deposits into this account. You may not make withdrawals from your account until the maturity date.

Time Account Information: Your account will mature in 1 year. If you withdraw any of the principal before the maturity date, we will impose a penalty of at least equal to one month's interest earned, or that could have been earned, on the amount withdrawn at the nominal (simple) interest rate being paid on the deposit, regardless of the length of time the funds withdrawn have remained on deposit. This account will automatically renew. You will have 10 calendar days after the maturity date to withdraw funds without penalty. If you do not withdraw the funds, each renewal term will be for

an identical period of time as the original term.

18 MONTH, 2 YEAR OR 30 MONTH C.D.

Rate Information: This Account is an interest bearing account. The interest rate and annual percentage yield are included in the Rate Chart. The interest rate and annual percentage yield will not change for the term of the account. The interest rate will be in effect for the term of the account (18, 24, or 30 months). Interest begins to accrue on the business day you deposit noncash items (for example, checks). Interest will be compounded semi-annually and will be credited semi-annually. We will mail the interest in a check to you or deposit the interest in an account that you designate. The annual percentage yield assumes interest will remain on deposit until maturity. A withdrawal will reduce earnings.

Balance Information: We use the daily balance method to calculate the interest on the account. This method applies a daily periodic rate to the principal in the account each day.

Limitations: You must deposit \$1,000.00 to open this account. You may not make additional deposits into this account. You may not make withdrawals from your account until the maturity date.

Time Account Information: Your account will mature in the term of the account (18, 24, or 30 months). If you withdraw any of the principal before the maturity date, we may impose a penalty of at least equal to three month's interest earned, or that could have been earned, on the amount withdrawn at the nominal (simple) interest rate being paid on the deposit, regardless of the length of time the funds withdrawn have remained on deposit. This account will automatically renew. You will have 10 calendar days after the maturity date to withdraw funds without penalty.

3 YEAR CERTIFICATE OF DEPOSIT

Rate Information: This Account is an interest bearing account. The interest rate and annual percentage yield are included in the Rate Chart. The interest rate and annual percentage yield will not change for the term of the account. The interest rate will be in effect for 3 years. Interest begins to accrue on the business day you deposit noncash items (for example, checks). Interest will be compounded semi-annually and will be credited semi-annually. We will mail the interest in a check to you or deposit the interest in an account that you designate. The annual percentage yield assumes interest will remain on deposit until maturity. A withdrawal will reduce earnings.

Balance Information: We use the daily balance method to calculate the interest on the account. This method applies a daily periodic rate to the principal in the account each day.

Limitations: You must deposit \$500.00 to open this account. You may not make additional deposits into this account. You may not make withdrawals from your account until the maturity date.

Time Account Information: Your account will mature in 3 years. If you withdraw any of the principal before the maturity date, we may impose a penalty of at least equal to three months' interest earned, or that could have been earned, on the amount withdrawn at the nominal (simple)

interest rate being paid on the deposit, regardless of the length of time the funds withdrawn have remained on deposit. This account will automatically renew. You will have 10 calendar days after the maturity date to withdraw funds without penalty.

5 YEAR CERTIFICATE OF DEPOSIT

For investor's with a long term outlook wanting maximum return on their investment.

Rate Information: This Account is an interest bearing account. The interest rate and annual percentage yield are included in the Rate Chart. The interest rate and annual percentage yield will not change for the term of the account. The interest rate will be in effect for 5 years. Interest begins to accrue on the business day you deposit noncash items (for example, checks). Interest will be compounded semi-annually and will be credited semi-annually. We will mail the interest in a check to you or deposit the interest in an account that you designate. The annual percentage yield assumes interest will remain on deposit until maturity. A withdrawal will reduce earnings.

Balance Information: We use the daily balance method to calculate the interest on the account. This method applies a daily periodic rate to the principal in the account each day.

Limitations: You must deposit \$500.00 to open this account. You may not make additional deposits into this account. You may not make withdrawals from your account until the maturity date.

Time Account Information: Your account will mature in 5 Years. If you withdraw any of the principal before the maturity date, we may impose a penalty of at least equal to three months' interest earned, or that could have been earned, on the amount withdrawn at the nominal (simple) interest rate being paid on the deposit, regardless of the length of time the funds withdrawn have remained on deposit. This account will automatically renew. You will have 10 calendar days after the maturity date to withdraw funds without penalty.

I.R.A.

This account is exclusively for our I.R.A. account holders. This account with a very competitive rate and FDIC Insurance offers our I.R.A. customers a combination of safety and respectable return on their retirement assets.

Rate Information: This Account is an interest bearing account. The interest rate and annual percentage yield are included in the Rate Chart. The interest rate and annual percentage yield will not change for the term of the account. The interest rate will be in effect for 1 YEAR. Interest begins to accrue on the business day you deposit noncash items (for example, checks). Interest will be compounded quarterly and will be credited to the account quarterly.

Balance Information: We use the daily balance method to calculate the interest on the account. This method applies a daily periodic rate to the principal in the account each day. You must maintain a minimum balance of \$100.00 in the account each day to obtain the disclosed annual percentage yield.

Limitations: You must deposit \$100.00 to open this

account.

OTHER ACCOUNT FEES

The following fee applies to Checking; and Investor's Checking ("NOW") Account Accounts:

Dormant Account Fee (no customer initiated activity for 1 year on checking accounts): Any checking account becoming dormant with a balance of less than \$100.00 will be charged \$3.00 per month

The following fees apply to Checking; Investor's Checking ("NOW") Account; and Money Market Deposit Account Accounts:

Check Printing Fee: This fee may vary due to style of checks and options chosen.
Stop Payment Fee: \$10.00 per item
Fee for check returns (Insufficient funds "NSF")
or payment of NSF check: \$15.00 per item

The following fee applies to Savings Accounts; and Money Market Deposit Account Accounts:

Dormant Account Fee (no customer initiated activity for 3 years on saving accounts): Any saving account becoming dormant with a balance of less than \$100.00 will be charged \$3.00 per month

MISCELLANEOUS FEES AND CHARGES

Wire Transfer Fees

Wire Fees - Domestic - Outgoing: \$25.00 per wire
Wire Fees - International - Outgoing: \$50.00 per wire

Official Checks

Cashiers Checks: \$5.00 per check
Personal Money Orders: \$3.00 per check

Miscellaneous

Small Safe Deposit Box (3x5) : \$10.80 per year
Med. Safe Deposit Box (3x10): \$14.40 per year
Large Safe Deposit Box (5x10): \$21.00 per year
Jumbo Safe Deposit Box (10x10): \$40.00 per year
Fax Fees - Outgoing: \$1.00 / pages 1-5, \$.25 addtl
Xerox Copies: \$.50 for 1st, .25 addtl
Dormant Account Fee: \$3.00 per Month
Statement Copies: \$.50 / stmt in excess of 1 month

ELECTRONIC FUNDS TRANSFER SERVICE LIMITS AND FEES

Blue Grass Valley Bank ATM Card

If you have this ATM service, the following limitations and fees will apply to your account:

- * You may withdraw up to a maximum of \$600.00 (if there are sufficient funds in your account) per day.
- * For security purposes, there are limits on the frequency and amount of transfers you may make using ATMs.
- * There is no charge for ATM withdrawals at machines

owned by us.

- * There may be a fee assessed at some ATMs. If a fee is assessed, the ATM machine will initially disclose the amount to be charged.
- * There is a Replacement Card Fee of \$10.00 per card.
- * If a customer needs a replacement P.I.N. number a \$5.00 fee will be assessed.

Blue Grass Valley Bank Visa Debit Card

Now you can access your Blue Grass Valley Bank worldwide for purchases from locations accepting Visa and make cash withdrawals from ATMs worldwide. If you have this Combined ATM/Point of Sale/Debit Card service, the following limitations and fees will apply to your account:

- * You may withdraw up to a maximum of \$600.00 (if there are sufficient funds in your account) per day.
- * For security purposes, there are limits on the frequency and amount of transfers you may make using ATMs.
- * Limitation on Frequency of Transfers.

For security reasons, there are certain limits on the number of Transfers you can make. For example:

- 1) Each of your Savings accounts is limited to six (6) telephone and /or preauthorized Transfers per month. If this is exceeded, we reserve the right to charge your account and/or change your account to a transaction account that will allow unlimited number of transfers. (See Fee Schedule)
- 2) Each of your money market accounts is limited to six (6) checks, telephone and/or preauthorized transfers per month. (See Fee Schedule)

In person withdrawals and ATM transactions are not limited. (See Fee Schedule).

- * There is no charge for ATM withdrawals at machines owned by us.
- * There may be a fee assessed at other bank's ATMs. If a fee is assessed, the ATM machine will initially disclose the amount to be charged.
- * There is a Replacement Card Fee of \$10.00 per card.
- * To replace a personal identification number a \$5.00 charge will be assessed.
- * You may purchase up to a maximum of \$1000.00 worth of goods and services per day, exclusive of ATM withdrawals.
- * We do not charge for any POS transactions.

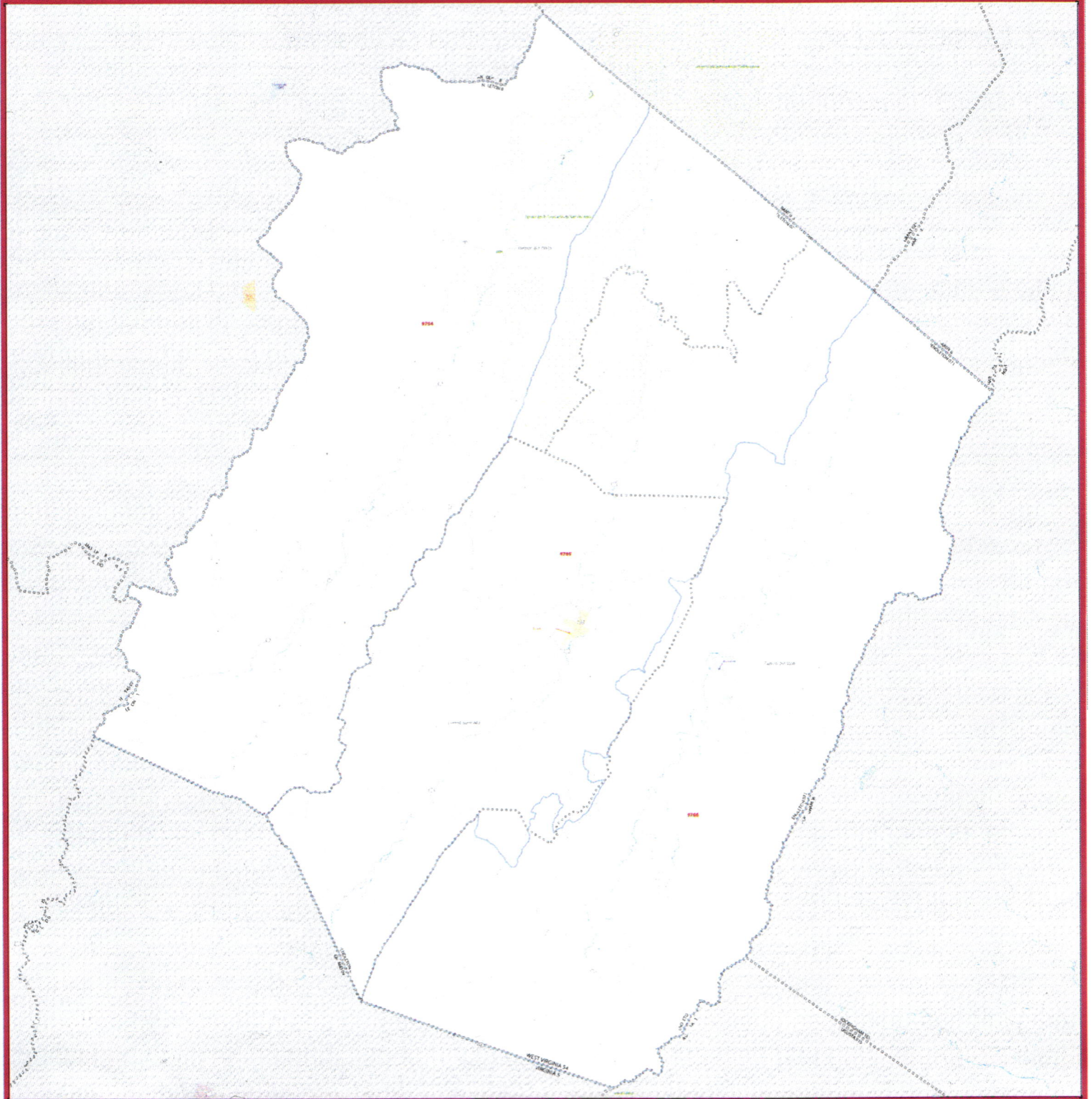
Member
FDIC

Which Kasasa account fits your needs?

Are you looking for a checking account to pay high interest or give you cash back. Which reward fits your lifestyle?

Best For	High Interest	Cash Back	Food Delivery/Grocery Refunds	Streaming Services Refunds
Account	<u>Kasasa Cash</u>	<u>Kasasa Cash Back</u>	<u>Kasasa Eats</u>	<u>Kasasa Play</u>
Monthly Reward	<ul style="list-style-type: none"> 6.00% APY* on balances up to and including \$25,000 6.00% to 1.60% APY on balances over \$25,000 depending on balance in account* 0.05% APY* on all balances if qualifications aren't met No minimum balance to earn rewards 	<ul style="list-style-type: none"> Earn 6.00% cash back on debit card purchases Cash back earned on as much as \$200 in purchases monthly Earn as much as \$144 cash back per year, \$12 per month No minimum balance to earn rewards 	<ul style="list-style-type: none"> 5.00% cash back on debit card purchases with select grocery stores and delivery services Earn cash back on as much as \$300 in purchases monthly Earn as much as \$180 cash back per year, \$15 per month No minimum balance to earn rewards 	<ul style="list-style-type: none"> Earn refunds on debit card purchases for music, video, gaming, and more monthly Earn as much as \$180 cash back per year, \$15 per month Streaming services include Spotify®, Netflix®, Twitch®, and many more No minimum balance to earn rewards
Monthly Maintenance Fee	\$0	\$0	\$0	\$0
ATM Withdrawal Fees	Refunds on ATM withdrawal fees, nationwide (up to \$25 monthly)^	Refunds on ATM withdrawal fees, nationwide (up to \$25 monthly)^	Refunds on ATM withdrawal fees, nationwide (up to \$25 monthly)^	Refunds on ATM withdrawal fees, nationwide (up to \$25 monthly)^
Free Online & Mobile Banking Access	YES	YES	YES	YES
Free Debit Card	YES	YES	YES	YES
Minimum Deposit to open	\$0	\$0	\$0	\$0
Qualifications to Earn Rewards	<ul style="list-style-type: none"> At least 15 debit card purchases At least 1 direct deposit or ACH payment or bill pay transaction Be enrolled in and agree to receive eStatements 	<ul style="list-style-type: none"> At least 15 debit card purchases At least 1 direct deposit or ACH payment or bill pay transaction Be enrolled in and agree to receive eStatements 	<ul style="list-style-type: none"> At least 15 debit card purchases At least 1 direct deposit or ACH payment or bill pay transaction Be enrolled in and agree to receive eStatements 	<ul style="list-style-type: none"> At least 15 debit card purchases At least 1 direct deposit or ACH payment or bill pay transaction Be enrolled in and agree to receive eStatements

2020 CENSUS - CENSUS TRACT REFERENCE MAP: Pendleton County, WV



The diagram illustrates the interaction between a user and a database. On the left, a box labeled 'USERS' contains a list of user names: 'John', 'Mary', 'John', 'Mary', 'John', 'Mary', 'John', 'Mary', 'John', 'Mary'. Below this list is a box labeled 'USERS' containing a list of user names: 'John', 'Mary', 'John', 'Mary', 'John', 'Mary', 'John', 'Mary', 'John', 'Mary'. On the right, a box labeled 'USERS' contains a list of user names: 'John', 'Mary', 'John', 'Mary', 'John', 'Mary', 'John', 'Mary', 'John', 'Mary'. Below this list is a box labeled 'USERS' containing a list of user names: 'John', 'Mary', 'John', 'Mary', 'John', 'Mary', 'John', 'Mary', 'John', 'Mary'. The flow of information is indicated by arrows: a query arrow from the user to the database, a result arrow from the database to the user, a command arrow from the user to the database, and a response arrow from the database to the user.



Google Analytics: 2010 Google Analytics data, January 2, 2010.
Data Source: U.S. Census Bureau, 2010 Census, database 124.
Web Crawler: Googlebot (Googlebot-2010-01-02)

[illegible]

Sheet 1 of 1 PARENT sheet:
stat Sheets: 1 (Index 0; Parent 1; Inset 0)

NAME: Pendleton County (0/1)
UNITY TYPE: County or statelully equivalent or bet
SP: West Virginia, US

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Geographic Storages: 2020 Census Information Data, January 1, 2020.
Data Source: U.S. Census Bureau. URL: <https://data.census.gov>
URL: <https://www.census.gov/data/tables/2020/cen-geo/states.html>
URL: <https://www.census.gov/data/tables/2020/cen-geo/states.html>

Census 2020

PUBLIC DISCLOSURE

January 24, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Blue Grass Valley Bank
Certificate Number: 08672

2583 Blue Grass Valley Road
Blue Grass, Virginia 24413

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Atlanta Regional Office

10 10th Street NE, Suite 800
Atlanta, Georgia 30309-3849

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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INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area's credit needs.
- The bank made an overall majority of home mortgage, small business, and small farm loans inside the assessment area. However, a majority of the small business loans were originated outside the assessment area.
- The assessment area includes only middle-income census tracts. Therefore, examiners did not perform a geographic distribution analysis.
- The distribution of borrowers reflects reasonable penetration of loans among businesses and farms of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

The Blue Grass Valley Bank is a state-chartered financial institution headquartered in Blue Grass, Virginia. The bank operates independently of a holding company and has no affiliates or subsidiaries. The bank serves Highland County, VA and part of Pendleton County, WV in west central Virginia and eastern West Virginia. At the previous CRA evaluation, dated June 27, 2016, the FDIC determined the bank's CRA performance to be satisfactory pursuant to Interagency Small Institution Examination Procedures.

The bank continues to operate its main office in Blue Grass, VA, which is in northern Highland County. The bank also operates a branch in Monterey, VA located in central Highland County. Both offices are located in middle-income census tracts. The bank did not open or close any branches, and no merger or acquisition activities occurred since the previous evaluation.

The bank is a small institution offering non-complex loan and deposit products and services. The Blue Grass Valley Bank offers residential mortgage, agricultural, commercial, and consumer loan products, primarily focusing on home mortgage and commercial lending. The bank's home mortgage product offering is limited to conventional, fixed-rate balloon mortgage loans. The bank does not offer loans for sale in the secondary market. The institution also provides a variety of deposit products including checking, savings, money market deposit accounts, and certificates of deposits. Alternative banking services include online banking, electronic bill pay, and 24-hour access to a bank-owned automated teller machine (ATM) in Monterey, VA.

As of September 30, 2021, the Consolidated Report of Condition and Income (Call Report) reflects total assets of \$54.8 million, total deposits of \$49.3 million, and total loans of \$28.8 million. As shown in the following table, the bank's significant loan types are residential real estate, farmland and agricultural, and commercial loans. The Call Report data shows that one-to-four residential real estate loans comprise 46.2 percent of the loan portfolio by dollar volume and farmland and agricultural loans comprise 21.3 percent of the loan portfolio by dollar volume. Commercial loans, including those secured by nonfarm nonresidential real estate and commercial and industrial loans, comprise 21.1 percent of the loan portfolio by dollar volume.

Loan Portfolio Distribution as of 09/30/2021		
Loan Category	\$(000s)	%
Construction and Land Development	789	2.7
Secured by Farmland	4,571	15.9
Secured by 1-4 Family Residential Properties	13,318	46.2
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	2,366	8.2
Total Real Estate Loans	21,044	73.0
Commercial and Industrial Loans	3,715	12.9
Agricultural Loans	1,548	5.4
Consumer Loans	2,508	8.7
Obligations of States and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Less: Unearned Income	0	0.0
Total Loans	28,815	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal or other impediments that affect the bank's ability to meet the credit needs of the assessment areas.

DESCRIPTION OF ASSESSMENT AREA

The Community Reinvestment Act requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. The FDIC evaluates the bank's CRA performance based on its activity within the defined assessment area(s). The Blue Grass Valley Bank has delineated the Non-Metropolitan Statistical Area (non-MSA) of Highland County, VA and a portion of the non-MSA of Pendleton County, WV as its assessment area. The assessment area consists of three census tracts in its entirety, and the assessment area has not changed since the previous CRA evaluation. While the assessment area consists of portions of two states, the tracts in Pendleton County do not extend substantially beyond the Highland County, VA border and are similar in demographics.

Economic and Demographic Data

The assessment area includes one middle-income census tract comprising all of Highland County, VA with two additional middle-income census tracts in Pendleton County, WV. According to the 2015 American Community Survey (ACS) data, one census tract in Pendleton County, WV was revised from an upper-income census tract to a middle-income census tract in 2016. The Federal Financial Institution Examinations Council (FFIEC) designated all three census tracts as underserved due to the remote rural nature of the census tracts. Additionally, the Highland County, VA census tract was also designated as distressed due to population loss. The following table presents select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3	0.0	0.0	100.0	0.0	0.0
Population by Geography	7,655	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	5,615	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	2,661	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	622	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	2,332	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	628	0.0	0.0	100.0	0.0	0.0
Farms by Geography	121	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	2,177	20.2	19.1	22.0	38.8	0.0
Household Distribution by Income Level	3,283	25.6	16.3	18.7	39.4	0.0
Median Family Income Non-MSAs - VA		\$51,647	Median Housing Value			\$129,250
Median Family Income Non-MSAs - WV		\$48,107	Median Gross Rent			\$447
			Families Below Poverty Level			13.7%
Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0 percent. (*) The NA category consists of geographies that have not been assigned an income classification.						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units and compares small business and small farm loans to the percentage of businesses and farms located in low-, moderate-, middle-, and upper-income census tracts. Since the assessment area is comprised of only middle-income census tracts, owner-occupied housing units, businesses, and farms are all disbursed within these census tracts.

The 2021 FFIEC median family incomes (MFI) for the Virginia and West Virginia Non-MSAs are used to analyze the bank's home mortgage loans under the Borrower Profile criterion. The following table presents each income category based on the 2021 MFIs of \$58,900 and \$54,600.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
VA State-wide Non-MSA Median Family Income				
2021 (\$58,900)	<\$29,450	\$29,450 to <\$47,120	\$47,120 to <\$70,680	≥\$70,680
WV State-wide Non-MSA Median Family Income				
2021 (\$54,600)	<\$27,300	\$27,300 to <\$43,680	\$43,680 to <\$65,520	≥\$65,520
<i>Source: FFIEC</i>				

The analysis of home mortgage lending by borrower income uses families by income level as a comparison to bank performance. As reflected in the Demographic Information of the Assessment Area table, 20.2 percent of the assessment area's families are low-income, and 19.1 percent of the families are moderate-income. In addition, families below the poverty level represent 13.7 percent

of total families. Given the median housing value of \$129,250, a low-income individual who earned less than \$29,450 in Virginia or \$27,300 in West Virginia in 2021, may have difficulty qualifying for a conventional mortgage loan.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of small business lending by gross annual business revenues. The 2021 gross annual revenues according to D&B data are listed below.

- 84.1 percent reported \$1 million or less;
- 4.0 percent reported more than \$1 million; and
- 11.9 percent did not report revenues

There are also 121 farms in the assessment area and all are considered small farms as the gross annual revenue is less than \$1 million.

Service industries represent the largest portion of the businesses at 28.0 percent followed by Agricultural, Forestry, and Fishing at 16.2 percent. In addition, 69.8 percent of the assessment area's businesses have four or fewer employees, and 90.0 percent operate from a single location. Some of the largest employers in Highland County are Allen Lowry Logging and Highland County Public Schools. The largest employers within Pendleton County are Pendleton County Board of Education, Pendleton Manor, Inc., and Pendleton Community Care, Inc.

Data obtained from the U.S. Bureau of Labor Statistics indicates that the unemployment rates in the assessment area have been consistently lower than both the National unemployment rate and the respective state-wide unemployment rates. Unemployment rates at the National, state, and local levels experienced nominal decline from 2017 to 2018, with the exception of Pendleton County. The unemployment rates increased in 2020 due to the impact of the COVID-19 pandemic. In 2021, the National, state, and local unemployment rates experienced a significant decline as the economy recovered and businesses resumed operations. Recent unemployment figures are presented in the following table.

Unemployment Rates				
Area	2018	2019	2020	2021
	%	%	%	%
Highland County	2.7	2.5	3.7	1.7
Virginia	2.9	2.7	6.2	3.2
Pendleton County	3.7	3.9	4.9	1.8
West Virginia	5.1	4.9	6.7	3.7
National Average	3.9	3.7	8.1	3.9
Source: Bureau of Labor Statistics				

Competition

The assessment area is moderately competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2021, there were four financial institutions that operate four full-service branches within Highland and Pendleton Counties, which includes the entire assessment area and one additional census tract in Pendleton County. Of these institutions, The Blue Grass Valley Bank ranked 3rd with a 14.7 percent deposit market share. The top two banks dominate the market with 80.0 percent of the market share. These are Pendleton Community Bank (45.9 percent) and Summit Community Bank, Inc. (34.1 percent).

The bank is not required to collect or report its home mortgage loan data, nor has it elected to report such data. As a result, the analysis of home mortgage loans under the Lending Test does not include comparisons to aggregate data. Aggregate data, however, reflects the level of demand for home mortgage loans and is included to provide context. Aggregate data for 2021 shows that 278 home mortgage loans were originated by 71 lenders in the assessment area, indicating a high degree of competition for this product with limited demand. Furthermore, of the 278 loans, only 21 loans were made to low-income borrowers by 11 lenders. Additionally, only 54 loans were made to moderate-income borrowers by 23 lenders. Again, reflecting limited demand for home mortgage loans to low and moderate-income borrowers. Summit Community Bank, Inc. is a \$3.6 billion institution with varied home mortgage lending options and avenues and was the leader in overall mortgage lending, lending to low-income borrowers, and lending to moderate-income borrowers. The four most prominent mortgage lenders overall, Summit Community Bank, Inc. (28.8 percent); Quicken Loans, LLC (7.2 percent); Pendleton Community Bank, Inc. (7.2 percent); and The Grant County Bank (5.0 percent) account for approximately 48.2 percent of total market share. Additionally, Summit Community Bank, Inc. and Pendleton Community Bank account for 10 of the 21 loans (47.6 percent) of loans to low-income borrowers. Summit Community Bank, Inc. dominated the market in lending to moderate-income borrowers, originating 19 of the 54 loans (35.2 percent). The next highest moderate-income lender is Quicken Loans with 5 loans or 9.3 percent of the market.

The bank is not required to collect or report its small business data, and it has elected not to report such data. Therefore, the analysis of small business loans under the Lending Test does not include comparisons to aggregate data. However, aggregate data reflects the level of demand for small business loans and is therefore included to provide context. Aggregate data for 2019, the most recent available, shows that 19 institutions reported 115 loans totaling approximately \$3.0 million, indicating a moderate level of competition. The four leading small business lenders by number of loans are Summit Community Bank (22.6 percent); JP Morgan Chase Bank, NA (14.8 percent); American Express National Bank (13.9 percent); and Synchrony Bank (11.3 percent). Together, these lenders account for approximately 62.6 percent of the loans by number. The two most prominent lenders by dollar volume are Summit Community Bank (37.3 percent) and Renasant Bank (33.6 percent), accounting for nearly 71.0 percent of the market.

The bank is not required to collect or report its small farm data, and it has elected not to report such data. Therefore, the analysis of small farm loans under the Lending Test does not include comparisons to aggregate data. However, aggregate data reflects the level of demand for small farm loans and is therefore included to provide context. Aggregate data for 2019, the most recent

available, shows that 6 institutions reported 66 loans totaling approximately \$3.0 million, indicating a low level of competition. The two leading small farm lenders by number are Summit Community Bank, Inc. (69.7 percent) and John Deere Financial, F.S.B (16.7 percent). Summit Community Bank, Inc. also holds 85.3 percent of the dollar volume of small farm loans.

Community Contact(s)

As part of the CRA evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available.

Examiners conducted a community contact interview with a representative from an economic development authority that operates within the assessment area. The community contact noted that like most areas the pandemic affected Highland County's local economy, but the area is rebounding as businesses reopen. The primary industries in the assessment area are agriculture, forestry, fishing, and tourism. The contact stated that the agriculture industry has remained stable over recent years, and the tourism industry has grown due to the area's serene landscape, hunting, and fishing and private nature of the area. Regarding employment, the contact noted positions are available; however, there is a lack of training and knowledge base amongst the available workforce.

The contact indicated that the housing stock in the assessment area is limited. Highland County has a high concentration of second homes purchased by consumers residing outside of the local area who are looking for vacation and future retirement homes. This trend has contributed to an increase in the median home price for the assessment area. Housing in good condition in the area is in high demand due to the growth in tourism, but these properties are not affordable for low- and moderate-income borrowers. The contact indicated that the properties that are affordable for low- and moderate-income borrowers are in poor condition and in need of renovation, which limits their ability to purchase the homes and renovate them. The contact also indicated a need for gap financing and Small Business Administration or guaranteed loans for small businesses operating within the assessment area.

Credit Needs

Considering information from bank management, demographic and economic data, and the community contact, the primary credit needs of the assessment area are access to affordable housing, small business, and farm loans. However, as suggested by market share data and local economic data, the opportunities to lend within this area are comparatively limited. Further, the majority of businesses in the assessment area with gross annual revenues of \$1 million or less and the significant percentage of businesses with four or fewer employees supports the need for small business loans.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated June 27, 2016, to the current evaluation dated January 24, 2022. Examiners used the Interagency Small Institution Examination Procedures to evaluate The Blue Grass Valley Bank's CRA performance.

Activities Reviewed

The CRA evaluation requires examiners to review lending performance with respect to home mortgage, small business, and small farm loans, if significant. Using bank data, examiners determined the major product lines are small business, home mortgage, and small farm loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. The level of small business loans resulted in more weight given to the small business lending performance in the overall conclusions and ratings followed by home mortgage loans and small farm loans. The following table shows the originations made from January 1, 2021, through December 31, 2021.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	2,199	19.6	12	4.6
Secured by Farmland	654	5.8	24	9.2
Secured by 1-4 Family Residential Properties	3,295	29.4	26	10.0
Multi-Family (5 or more) Residential Properties	0	0.0	0	0.0
Commercial Real Estate Loans	1,321	11.8	9	3.5
Commercial and Industrial Loans	2,557	22.8	56	21.5
Agricultural Loans	0	0.0	0	0.0
Consumer Loans	1,191	10.6	133	51.2
Other Loans	0	0.0	0	0.0
Total Loans	11,217	100.0	260	100.0
<i>Source: Bank Records</i>				

Examiners reviewed the universe of small business, home mortgage, and small farm loans originated in 2021 as it was representative of the lending activity for the evaluation period. Bank records indicate the bank originated 65 small business loans totaling \$3,878,000 during 2021. The 2021 D&B data served as a comparison for small business lending. Bank records indicate the bank originated 26 home mortgage loans totaling \$3,295,000. Demographic data from the 2015 ACS regarding family distribution by income was used for comparative analysis for home mortgage loans. Bank records indicate the bank originated 24 small farm loans totaling approximately, \$654,000 during 2021. The 2021 D&B data served as a comparison for small farm lending. Additionally, a Geographic Distribution analysis was not performed as all census tracts are middle-income.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Blue Grass Valley Bank demonstrated reasonable performance under the Lending Test. The reasonable loan-to-deposit ratio, the majority of lending occurring within the assessment area and the reasonable Borrower Profile primarily support this conclusion.

Loan-to-Deposit Ratio

The average net loan-to-deposit ratio of The Blue Grass Valley Bank is reasonable given the institution's size, financial condition, and assessment area's credit needs. The Blue Grass Valley Bank's net loan-to-deposit ratio averaged 69.3 percent over the last 22 calendar quarters from June 30, 2016, to September 30, 2021. The net loan-to-deposit ratio ranged from a low of 57.2 percent as of September 30, 2021, to a high of 83.0 percent as of June 30, 2016. Since the last evaluation, the loan volume has fluctuated but overall remained relatively stable. However, the deposit volume steadily increased until June 30, 2020, when the deposit growth escalated during the COVID-19 pandemic. Overall, deposits have grown nearly 50.0 percent since the last evaluation.

Examiners could not identify a similarly-situated institution based on size, product offerings, and locations. Therefore, the bank's performance was compared to the Uniform Bank Performance Report (UBPR) Peer Group, which consists of all insured commercial banks with assets less than \$50.0 million and with two or more full service banking offices not located in a metropolitan statistical area. The bank's performance was comparable to the Peer Group average of 65.8 percent. The Peer Group ratio fluctuated during the previous 22 calendar quarters ranging from a high of 71.7 percent in the fourth quarter of 2017 to a low of 57.8 percent in the fourth quarter of 2021.

Assessment Area Concentration

The Blue Grass Valley Bank originated a majority of loans by number but not by dollar within the assessment area. As discussed in Description of the Assessment Area, the overall level of demand for loans is low, and the bank faces significant competition from two banks operating in the areas. Both banks are significantly larger (\$3.6 billion and \$627.8 million) than The Blue Grass Valley Bank and offer a wider range of loan products. As a result, the bank purchased commercial loans outside of the assessment area due to lack of demand within the assessment area and excess liquidity from the increased deposits. It should also be noted that of the five of the small business loans located outside the assessment area are in the remaining census tract within Pendleton County. The following table represents lending inside and outside of the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	13	50.0	13	50.0	26	1,850	56.1	1,445	43.9	3,295
Small Business	28	43.1	37	56.9	65	1,374	35.4	2,504	64.6	3,878
Small Farm	19	79.2	5	20.8	24	319	48.8	335	51.2	654
Totals	60	52.2	55	47.8	115	3,543	45.3	4,284	54.7	7,827
Source: Bank Data										

Geographic Distribution

The assessment area does not include any low- and moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The distribution of loans reflects reasonable penetration among individuals of different income levels and farms and businesses of different sizes. The bank's reasonable performance of home mortgage and small farm, and excellent small business lending supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. They also focused on the percentage by number of small farm loans to small farms with gross annual revenues of \$1 million or less and small business loans to businesses with gross annual revenues of \$1 million or less. Only loans in the assessment area are included in the analysis.

Small Business Loans

The distribution of small business loans reflects excellent penetration among businesses of different sizes. As shown below, all small business loans were originated to businesses with gross annual revenues of \$1 million.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<= \$1,000,000	84.1	28	100.0	1,374	100.0
> \$1,000,000	4.0	0	0.0	0	0.0
Revenue Not Available	11.9	0	0.0	0	0.0
Totals	100.0	28	100.0	1,374	100.0
Source: 2021 D&B Data and Bank Data.					

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. Lending to low-income borrowers is well below demographics. Examiners also noted that 13.7 percent of the assessment area's families live below the poverty level, which equates to approximately 67.8 percent of low-income families. Given the median housing value of \$129,250, a low-income borrower earning less than \$27,300 per year may have difficulty qualifying for a conventional home mortgage loan. Additionally, the community contact provided that local housing stock is older, and properties for low-income homebuyers are limited or in need of repair further limiting availability of affordable housing opportunities for low-income borrowers. Given these factors, the lending to low-income borrowers is more comparable to the demographic data.

The bank did not make any home mortgage loans to moderate-income borrowers.

The demand for loans from low- and moderate-income borrowers is limited as reflected in the Competition discussion under Description of the Assessment Area. In total there were only 21 loans originated by reporters to low-income borrowers and only 54 to moderate-income borrowers. The assessment area is also competitive for these loans given the presence of several other institutions, including two that are significantly larger than The Blue Grass Valley Bank and offer various products not offered by the bank.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	20.2	1	7.7	50	2.7
Moderate	19.1	0	0.0	0	0.0
Middle	22.0	4	30.8	461	24.9
Upper	38.8	8	61.5	1,339	72.4
Totals	100.0	13	100.0	1,850	100.0
<i>Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0 percent.</i>					

Small Farm Loans

The distribution of small business loans reflects reasonable penetration among farms of different sizes. According to D&B data, revenue was reported for every farm within the assessment area, and the demographics reflect that all farms operating in the assessment area have revenues less than \$1 million. Therefore, all loans originated in the assessment area were to small farms.

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

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. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, 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 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, 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.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities 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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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.

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.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.