



PUBLIC DISCLOSURE

February 26, 2024

**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 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.

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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 major factors that support this rating include:

The Lending Test rating is based on the state of Virginia rating and the following overall conclusions:

- A majority of the bank's loans are inside the bank's assessment areas (AA).
- The bank's loan-to-deposit (LTD) ratio is reasonable.
- The bank exhibits reasonable geographic distribution of loans in the bank's AAs.
- The bank exhibits reasonable distribution of loans to individuals of different income levels and businesses of different sizes.

The Community Development (CD) Test rating is based on the performance in the state of Virginia. The bank's CD lending, qualified investments, grants, and services represents adequate responsiveness to CD needs, considering the bank's capacity and the need and availability of such opportunities for CD in the AAs.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's LTD ratio is reasonable.

The National Bank of Blacksburg's (NBB or bank) quarterly average LTD ratio for the nine consecutive quarters starting October 1, 2020, and ending December 31, 2022, was 54.6 percent. The bank's quarterly LTD ratios ranged from a quarterly low of 52.5 percent as of March 31, 2022, to a quarterly high of 58.6 percent as of December 31, 2020.

NBB's quarterly average LTD ratio is below the quarterly average LTD ratio of 80.0 percent for similarly asset-sized institutions. The similarly asset-sized institutions include multi-state national banks and state banks with assets ranging from \$394 million to \$3.3 billion. These banks offer highly competitive rates on loans and deposit products, which has led to them capturing a higher percentage of the market share. The quarterly average LTD ratio for these similar institutions over the same nine consecutive quarters ranged from a quarterly low of 62.3 percent, to a quarterly high of 97.3 percent.

Lending in Assessment Area

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

The bank originated and purchased 86.2 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.

Table D - Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans (,000)				Total \$ (,000)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	369	87.0	55	13.0	424	84,206	82.0	18,493	18.0	102,699
2021	335	84.6	61	15.4	396	86,383	78.9	23,113	21.1	109,496
2022	250	85.6	42	14.4	292	62,535	71.5	24,969	28.5	87,504
Subtotal	954	85.8	158	14.2	1,112	233,124	77.8	66,575	22.2	299,699
Small Business										
2020	25	88.0	3	12.0	28	13,195	97.8	298	2.2	13,493
2021	38	89.5	4	10.5	42	4,071	77.1	1,206	22.9	5,277
2022	63	87.3	8	12.7	71	8,703	85.0	1,536	15.0	10,239
Subtotal	126	89.4	15	10.6	141	25,969	89.5	3,040	10.5	29,009
Total	1,080	86.2	173	13.8	1,253	259,093	78.8	69,615	21.2	328,708
<i>Source: Bank Data</i>										
<i>Due to rounding, totals may not equal 100.0%</i>										

Description of Institution

NBB is a \$1.7 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. 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 operated in the state of Virginia during the evaluation period and will be evaluated as a single-state institution. The bank identified three AAs in Virginia:

1. The Blacksburg-Christiansburg VA Metropolitan Statistical Area (MSA) 13980 AA (Blacksburg MSA AA) includes the counties of Giles, Montgomery, Pulaski, and the city of Radford, Virginia.
2. The Kingsport-Bristol, TN-VA MSA 28700 AA (Washington County AA) included 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 and independent city in its AA as the bank does not operate any branches in these counties or city.
3. The SW 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 24 branches and 22 automated teller machines (ATM) 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 2021, the bank closed the Corporate Research Center office located at 2280 Kraft Drive, SW, Blacksburg, Virginia, which is in a middle-income census tract (CT) in Montgomery County.

Branch operating hours are convenient and consistent with the offerings of the bank's competitors. All full-service offices maintain reasonable hours of operation, including Saturday morning hours at most branch locations. The bank offers normal business hours during the week and offers Saturday drive-in hours at all branch locations except the South Main, Pembroke, Pulaski, Abingdon, Main Street, and Fourway locations. NBB offers a variety of deposit and loan products to meet consumer and commercial banking needs. 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.

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 83.6 percent of the loan portfolio consisting of real estate-secured loans. NBB reported total loans of \$852.7 million, or 50.9 percent of total assets as of December 31, 2022. Tier 1 capital was \$183.6 million, as of December 31, 2022.

NBB's lending activities are consistent with its size, expertise, financial capability, and local economic conditions. 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 25, 2021, CRA Performance Evaluation.

For purposes of this evaluation, we considered residential mortgage loans and small loans to businesses as the bank's 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.

Type of Loan	Balance Outstanding (\$,000)	% of Total Loans
Non-Farm/Non-Residential	\$305,958	35.88
1-4 Family Residential	221,101	25.93
Multi-family Residential	127,221	14.92
Commercial and Industrial	55,257	6.48
Construction & Land Development	54,547	6.40
Obligations of states/political subdivisions	48,089	5.64
Loans to Individuals	33,635	3.94
Loans to farmers/secured by farmland	6,936	0.81
Total Gross Loans	852,744	100.00

*Source: Schedule RC-C Part 1 – Loans and Leases as reported in the Consolidated Report of Condition and Income as of December 31, 2022.

Scope of the Evaluation

Evaluation Period/Products Evaluated

NBB was evaluated using Intermediate Small Bank CRA Evaluation procedures to assess the bank's performance under the Lending and CD Tests. The Lending Test evaluates the institution's record of meeting the credit needs of its AAs through lending activities. The CD Test evaluates the institution's responsiveness to CD needs in the AAs through qualified CD lending, investments/donations, and services. The OCC analyzed lending activity in full-year increments during the evaluation period, January 1, 2020, to December 31, 2022. A separate analysis was conducted for each AA.

The bank's lending performance is based on its primary lending products, home mortgage and small business lending. While the bank offers other lending products, these products were not primary products during the evaluation period. As a result, the OCC did not consider these as part of the performance evaluation as an analysis of this data would not be meaningful. NBB's primary lending products are discussed under the "Description of Institution" section in this report. For the Lending Test, the OCC evaluated the institution's entire portfolio of home mortgage loans subject to filing under the Home Mortgage Disclosure Act (HMDA) and samples of small business loans during the performance evaluation period from January 1, 2020, through December 31, 2022. The OCC relied on internal bank reports for the CD Test.

The OCC generally gave equal weighting to geographic and borrower distribution components of the Lending Test. When evaluating the geographic distribution of loans within an AA, the OCC gave greater weight to NBB's performance in moderate-income tracts in instances where there were a limited number of owner-occupied housing units (OOHU) or businesses in the low-income tracts. When evaluating the distribution of home mortgage loans based on the income level of the borrower, the OCC considered the poverty level to identify challenges in lending within the institution's AAs. The loan distribution analyses compared home mortgage loans and loans to small businesses to demographic and aggregate data under the applicable Lending Test components. Aggregate data illustrates how the institution is performing relative to other lenders in the AA and provides context as to the reasonableness of the institution's performance.

In March 2020, the U.S. faced the COVID-19 pandemic, which resulted in economic uncertainties, including business shutdowns and increased unemployment. The federal government instituted several programs and initiatives to assist businesses and individuals, including the Paycheck Protection Program (PPP), mortgage foreclosure and eviction protection programs, and extended unemployment benefits. The OCC considered the institution's participation in addressing community and customer needs during the pandemic for all AAs when completing the Lending and CD Tests in this performance 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 was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same MSA, multistate metropolitan statistical area (MMSA), or 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. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. 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 state of Virginia rating. Since all branches are in the state of Virginia, NBB's overall rating is based on performance in the state of Virginia. The state of Virginia rating is based on performance in all three AAs.

For analysis purpose, the OCC compared the bank's lending performance with demographic data from the 2015 American Community Survey (ACS) U.S. Census and the 2021 Dunn and Bradstreet (D&B) data for 2020 and 2021. The 2020 U.S. Census and the 2022 D&B data were used for 2022. There are two sets of tables in appendix D for the different census periods. No affiliate activity was included in this analysis. Refer to the table in appendix A, Scope of the Examination, for more information on the scope of the review.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) 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 Consumer Financial Protection Bureau, 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 bank exhibits a reasonable geographic distribution of loans in low- and moderate-income (LMI) geographies.
- The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses of different sizes.
- The bank exhibits adequate responsiveness to CD needs in the state through CD loans, qualified investments, 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" section. The bank's 24 branches and 22 ATMs are in the AAs. NBB's deposits by AA are as follows: Blacksburg MSA AA holds 71.4 percent; SW Virginia AA holds 27.4 percent; and Washington County AA holds 1.2 percent. During the evaluation period, NBB originated or purchased 82.5 percent of its home mortgage loans (by number) in the Blacksburg MSA AA; 14.2 percent of its home mortgage loans in the SW Virginia AA; and approximately 3.3 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 market accounts, 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, 2022, there were 22 institutions accepting retail deposits in the AAs. NBB ranked first among depository institutions in its combined AAs with a deposit market share of 17.0 percent as of June 30, 2022. The bank's primary competitors include financial institutions with significant deposit activity in the AA such as Truist Bank; Wells Fargo Bank, National Association; Atlantic Union Bank; and First Bank & Trust Company, holding a combined 47.1 percent of the deposit market share.

The following information regarding demographic data, affordable housing cost, job market and economic conditions, competition, and community contacts/credit needs provides additional performance context for NBB's operations in Virginia. The tables below provide a summary of the demographic data for each AA.

Blacksburg-Christiansburg VA MSA

The Blacksburg MSA AA consists of Giles, Montgomery, and Pulaski counties and Radford City in Virginia. NBB operated 15 of its 24 bank branches in the Blacksburg MSA 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 for 2020-2021. For 2022, the total number of branches decreased to 14 due to closing one branch in a middle-income CT in Montgomery County. In 2022, one branch was in a low-income CT, three branches were located in moderate-income CTs, seven branches were located in middle-income CTs, and three branches were located in upper-income CTs as a result of CT changes from the 2020 U.S. Census.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Blacksburg-Christiansburg VA MSA (2020-2021)						
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	11,870	0.0	1.8	69.9	26.6	1.8
Farms by Geography	473	0.0	0.4	72.3	26.2	1.1
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 2021 D&B Data</i> <i>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>						

Table A – Demographic Information of the Assessment Area						
Assessment Area: Blacksburg-Christiansburg VA MSA (2022)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	43	2.3	16.3	51.2	23.3	7.0
Population by Geography	166,378	1.5	17.0	50.2	25.3	6.0
Housing Units by Geography	72,845	1.4	18.7	54.5	25.5	0.0
Owner-Occupied Units by Geography	37,666	0.0	19.2	56.4	24.4	0.0
Occupied Rental Units by Geography	24,780	3.1	17.2	52.8	26.9	0.0
Vacant Units by Geography	10,399	2.4	20.4	51.4	25.8	0.0
Businesses by Geography	14,073	0.5	14.7	52.5	31.8	0.5
Farms by Geography	552	0.2	13.8	56.3	29.3	0.4
Family Distribution by Income Level	35,291	19.9	17.3	22.0	40.8	0.0
Household Distribution by Income Level	62,446	27.6	13.2	18.4	40.9	0.0
Median Family Income MSA - 13980 Blacksburg-Christiansburg, VA MSA		\$74,841	Median Housing Value			\$203,148
			Median Gross Rent			\$927
			Families Below Poverty Level			7.9%
<i>Source: 2020 U.S. Census and 2022 D&B Data</i> <i>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>						

Demographic Data

As of the 2015 ACS U.S. Census data in the table above, the population of the Blacksburg MSA AA was 164,959, with none of the population living in low-income CTs, 4.6 percent living in moderate-income CTs, 65.8 percent living in middle-income CTs, 21.1 percent living in upper-income CTs, and 8.6 percent living in non-assigned income CTs. As of the 2015 ACS U.S. Census, the AA consisted of 33 CTs, and was comprised of no low-income, one moderate-income, 22 middle-income, six upper-income, and four non-assigned income CTs.

There were CT classification changes in the AA during the evaluation period between the 2015 ACS U.S. Census and the 2020 U.S. Census. As of the 2020 U.S. Census data in the table above, the population of the Blacksburg MSA AA was 166,378, with 1.5 percent of the population living in low-income CTs, 17.0 percent in moderate-income CTs, 50.2 percent in middle-income CTs, 25.3 percent in upper-income CTs, and 6.0 percent in non-assigned income CTs. As of the 2020 U.S. Census, the AA consisted of 43 CTs, and was comprised of one low-income, seven moderate-income, 22 middle-income, 10 upper-income, and three non-assigned income CTs.

Affordable Housing Cost

According to the 2015 ACS U.S. Census data, the median housing value was \$179,995. The median family income (MFI) was \$60,971 annually, which translates to an annual MFI of \$48,770 for moderate-income families and an annual MFI of \$30,485 for low-income families. Median housing values were 3.7 times the annual income of moderate-income families and 5.9 times the annual income of low-income families. Thus, the cost of housing may create a significant financial barrier to homeownership among low-income

families. The 2015 ACS U.S. Census data shows that there were 71,128 total housing units in the Blacksburg MSA AA, of which 52.6 percent were owner-occupied, 35.3 percent were rental-occupied, and 12.1 percent were vacant units. As of the 2015 ACS U.S. Census, the weighted average of median year built for housing was 1978, with the median age of housing stock within the AA being approximately 43 years. Additionally, the median age of housing stock in moderate-income CTs was 33 years. The cost of homeownership in older housing stock is typically higher than in newer housing; thus, the median age of housing is also a significant barrier to mortgage lending in those CTs. Additionally, 29.5 percent of the families in moderate-income CTs lived below the poverty level, making it especially difficult for this segment of the population to afford and maintain a home or qualify for a loan.

According to the 2020 U.S. Census data, the median housing value was \$203,148. The MFI was \$74,841 annually, which translates to an annual MFI of \$59,865 for moderate-income families and an annual MFI of \$37,420 for low-income families. Median housing values were 3.4 times the annual income of moderate-income families and 5.4 times the annual income of low-income families. Thus, the cost of housing may create a significant financial barrier to homeownership among low-income families. The 2020 U.S. Census data shows that there were 72,845 total housing units in the AA, of which 51.7 percent were owner-occupied, 34.0 percent were rental occupied, and 14.3 percent were vacant units. As of the 2020 U.S. Census, the weighted average of median year built for housing was 1978, with the median age of housing stock within the AA being 44 years. Additionally, the median age of housing stock in low-income CTs was 37 years and 56 years in moderate-income CTs. The cost of homeownership in older housing stock is typically higher than in newer housing; thus, the median age of housing is also a significant barrier to mortgage lending in those CTs. Additionally, 14.0 percent of the families in moderate-income CTs and 57.5 percent of the families in low-income CTs lived below the poverty level, making it especially difficult for this segment of the population to afford and maintain a home or qualify for a loan.

Job Market and Economic Conditions

The economic conditions in the Blacksburg MSA AA have improved since the start of the pandemic. The unemployment rate in the AA and the state as well as the national unemployment rate experienced a spike in 2020 followed by a gradual recovery through the end of 2021. According to the U. S. Bureau of Labor Statistics, the annual unemployment rate was 2.9 percent in the AA for 2022, which is reasonable when compared to the state of Virginia unemployment rate of 2.8 percent and the national unemployment rate of 3.6 percent for the same period.

According to Moody's Analytics as of April 2023, the Blacksburg MSA AA economy maintained steady growth through 2022. The economy is inextricably linked to the fortunes of Virginia Polytechnic Institute and State University (Virginia Tech), which seen a significant increase in undergraduate enrollment in the fall 2022 semester and expected further gains in the coming years. The growing student body will support steady university job gains, and campus expansion will stoke construction. State government is the metro area's largest industry, accounting for more than one in five jobs. Outsize transportation equipment manufacturing industry is the second economic driver in the metro area. Top employers include Virginia Tech; Volvo Group North America, Inc.; Radford University; Moog, Inc.; and Carillion New River Valley Medical Center.

Competition

Competition for deposits in the AA is strong given the number and size of financial institutions in the AA. Competition is comprised of local community banks and branches of larger financial institutions. According to the June 30, 2022, Deposit Market Share Report from the FDIC, 14 financial institutions with 49 offices operated in the AA. NBB held the first ranking with a deposit market share of 26.9 percent as of June 30, 2022, with \$1.1 billion in total deposits. This represents 71.4 percent of the bank's total deposits. The bank's primary competitors include financial institutions with significant deposit activity in the AA such as Atlantic Union Bank; Wells Fargo Bank, National Association; and Truist Bank, holding a combined 52.1 percent of the deposit market share.

As stated above, NBB's primary business focus includes home mortgage and small business lending. Strong competition for home mortgage loans exists in the AA. Based on 2021 Peer Mortgage Data and 2015 ACS U.S. Census data, NBB ranked sixth out of 313 lenders in the AA in residential home mortgage volume. As of the 2021 Peer Mortgage Data Report, NBB held 3.8 percent of the lending market share based on the number of loans, lending \$89 million (327 loans). Top mortgage lenders in the AA included Rocket Mortgage; Wells Fargo Bank, National Association; Alcovia Mortgage, LLC; Truist Bank; and Atlantic Bay Mortgage Group, with a combined market share of 24.1 percent. During the evaluation period, 85.2 percent of the bank's home mortgage loan originations and purchases inside the AAs were in the Blacksburg MSA AA for 2020 and 2021.

Based on 2022 Peer Mortgage Data and 2020 U.S. Census data, NBB ranked seventh out of 291 lenders in the AA in residential home mortgage volume. NBB held 4.0 percent of the lending market share based on the number of loans, lending \$59 million (225 loans). Top mortgage lenders in the AA included Truist Bank; Alcovia Mortgage, LLC; Freedom First Federal Credit Union; Atlantic Union Bank; Atlantic Bay Mortgage Group; and Rocket Mortgage, with a combined market share of 28.3 percent. During the evaluation period, 74.8 percent of the bank's home mortgage loan originations and purchases inside the AAs were in the Blacksburg MSA AA for 2022.

There is strong competition for small business loans in the AA. As of the 2021 Peer Small Business Data Report, there were 72 lenders originating or purchasing small business loans in the AA. The top four lenders included American Express National Bank; First Bank & Trust Company; JP Morgan Chase Bank, National Association; and Wells Fargo Bank, National Association, with a combined market share of 44.8 percent. As of the 2022 Peer Small Business Data Report, there were 57 lenders originating or purchasing small business loans in the AA. The top four lenders included American Express National Bank; JP Morgan Chase Bank, National Association; Synchrony Bank; and Truist Bank, with a combined market share of 55.4 percent.

Community Contacts/Credit Needs

As part of the CRA Performance Evaluation, the OCC reviewed information provided from one interview with a representative from an affordable housing organization. The contact identified affordable housing as the primary need in the AA. The organization's 2021 Annual Report identified opportunities for financial institutions to participate in funding housing construction projects in the AA.

SW Virginia non-MSA

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, in the state of Virginia; two CTs in McDowell County in the state of West Virginia; and six CTs in Mercer County in the state of West Virginia. These eight CTs in West Virginia are contiguous to the counties in Virginia included in the SW Virginia AA.

NBB operates nine of its 24 bank branches in the SW Virginia AA with one branch located in a moderate-income CT, four branches located in middle-income CTs, and four branches located in upper-income CTs for 2020-2021. For 2022, three branches were located in moderate-income CTs, five branches were located in middle-income CTs, and one branch was located in an upper-income CT as a result of CT changes from the 2020 U.S. Census.

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	12,406	0.0	20.4	72.1	7.6	0.0
Farms by Geography	824	0.0	17.7	77.1	5.2	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 2021 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.

Table A – Demographic Information of the Assessment Area Assessment Area: SW Virginia non-MSA (2022)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	57	1.8	26.3	63.2	8.8	0.0
Population by Geography	176,898	1.4	26.8	61.8	10.1	0.0
Housing Units by Geography	95,009	1.4	26.9	62.4	9.2	0.0
Owner-Occupied Units by Geography	55,823	0.9	26.8	61.6	10.7	0.0
Occupied Rental Units by Geography	18,375	2.8	30.8	58.3	8.2	0.0
Vacant Units by Geography	20,811	1.6	23.9	68.4	6.2	0.0
Businesses by Geography	13,867	1.5	25.3	59.7	13.5	0.0
Farms by Geography	936	0.4	15.3	71.6	12.7	0.0
Family Distribution by Income Level	48,925	22.5	21.4	21.0	35.1	0.0
Household Distribution by Income Level	74,198	26.8	18.0	18.1	37.0	0.0
Median Family Income Non-MSAs - VA		\$60,947	Median Housing Value			\$106,870
Median Family Income Non-MSAs - WV		\$55,205	Median Gross Rent			\$617
			Families Below Poverty Level			12.1%
<i>Source: 2020 U.S. Census and 2022 D&B Data</i>						
<i>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>						

Demographic Data

As of the 2015 ACS U.S. Census data in the table above, the population of the SW Virginia AA was 186,187, with none of the population living in low-income CTs, 24.7 percent living in moderate-income CTs, 70.5 percent living in middle-income CTs, and 4.9 percent living in upper-income CTs. As of the 2015 ACS U.S. Census, the AA consisted of 50 CTs, and was comprised of 14 moderate-income, 34 middle-income, and 2 upper-income CTs. Nineteen of the 34 middle-income CTs were designated as distressed and/or underserved middle-income tracts due to the poverty, unemployment, and/or remote rural location. There were no low-income tracts in this AA during this period.

There were CT classification changes in the AA during the evaluation period between the 2015 ACS U.S. Census and the 2020 U.S. Census. As of the 2020 U.S. Census data in the table above, the population of the SW Virginia AA was 176,898, with 1.4 percent of the population living in low-income CTs, 26.8 percent in moderate-income CTs, 61.8 percent in middle-income CTs, and 10.1 percent in upper-income CTs. For 2022, the AA consisted of 57 CTs and was comprised of one low-income, 15 moderate-income, 36 middle-income, and 5 upper-income CTs.

Affordable Housing Cost

According to the 2015 ACS U.S. Census data, the median housing value was \$96,729. The combined MFI was \$58,212 annually, which translates to an annual MFI of \$46,564 for moderate-income families. Median housing values were 2.1 times the annual income of moderate-income families. Thus, the cost of housing may create a significant financial barrier to homeownership among moderate-income families. The 2015 ACS U.S. Census data shows that there were 94,507 total housing units in the SW Virginia AA, of which 59.4 percent were owner-occupied, 21.6 percent were rental-occupied, and 19.0 percent were

vacant units. As of the 2015 ACS U.S. Census, the weighted average of median year built for housing was 1973, with the median age of housing stock within the AA being approximately 48 years. Additionally, the median age of housing stock in moderate-income CTs was 53 years. The cost of homeownership in older housing stock is typically higher than in newer housing; thus, the median age of housing is also a significant barrier to mortgage lending in those CTs. Additionally, 23.1 percent of the families in moderate-income CTs lived below the poverty level, making it especially difficult for this segment of the population to afford and maintain a home or qualify for a loan.

According to the 2020 U.S. Census data, the median housing value was \$106,870. The combined MFI was \$66,607 annually, which translates to an annual MFI of \$53,278 for moderate-income families and an annual MFI of \$33,296 for low-income families. Median housing values were 2.0 times the annual income of moderate-income families and 3.2 times the annual income of low-income families. Thus, the cost of housing may create a significant financial barrier to homeownership among low-income families. The 2020 U.S. Census data shows that there were 95,009 total housing units in the AA, of which 58.8 percent were owner-occupied, 19.3 percent were rental occupied, and 21.9 percent were vacant units. As of the 2020 U.S. Census, the weighted average of median year built for housing was 1973, with the median age of housing stock within the AA being 49 years. Additionally, the median age of housing stock in low-income CTs was 60 years and 53 years in moderate-income CTs. The cost of homeownership in older housing stock is typically higher than in newer housing; thus, the median age of housing is also a significant barrier to mortgage lending in those CTs. Additionally, 14.2 percent of the families in moderate-income CTs and 33.5 percent of the families in low-income CTs lived below the poverty level, making it especially difficult for this segment of the population to afford and maintain a home or qualify for a loan.

Job Market and Economic Conditions

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, Southwestern Virginia is increasingly turning to tourism as a source of economic development. Collectively, Southwestern Virginia's craft, music, agritourism, and outdoor recreation are referred to as the region's "creative economy." The center of Southwestern Virginia's creative economy movement is Heartwood, a regional visitors' center with a restaurant and craft galleries located off 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 in 2020, 4.1 percent in 2021, and 4.4 percent in 2022. These unemployment rates are comparable to the national average annual unemployment rate of 8.1 percent, 5.4 percent, and 3.6 percent for the same periods, respectively. The state of Virginia unemployment rates were comparable with the AA and the national unemployment rates for the same periods, with an annual average of 6.4 percent in 2020, 3.9 percent in 2021, and 2.8 percent in 2022. Major employers are Indus International, Inc.; Carroll County School Board; Wal Mart; Select A Service LLC; Utility Trailer Manufacturing; and Wythe County School Board.

Competition

Competition for deposits in the AA is strong given the number and size of financial institutions in the AA. Competition is comprised of local community banks and branches of larger financial institutions. According to the June 30, 2022, Deposit Market Share Report from the FDIC, 19 financial institutions with 95 offices operated in the AA. NBB held the third ranking with a deposit market share of 8.3 percent as of June 30, 2022, with \$433.7 million in total deposits. This represents 27.4 percent of the bank's total deposits. The bank's primary competitors include financial institutions with significant deposit activity in the AA such as Truist Bank, First Community Bank, Skyline National Bank, and Carter Bank & Trust, holding a combined 50.3 percent of the deposit market share.

As stated above, NBB's primary business focus includes home mortgage and small business lending. Strong competition for home mortgage loans exists in the AA. Based on 2021 Peer Mortgage Data and 2015 ACS U.S. Census data, NBB ranked 29th out of 295 lenders in the AA in residential home mortgage volume. As of the 2021 Peer Mortgage Data Report, NBB held 0.87 percent of the lending market share, based on the number of loans, lending \$7.3 million (63 loans). Top mortgage lenders in the AA included Rocket Mortgage, Vanderbilt Mortgage and Finance, Truist Bank, and First Community Bank, with a combined market share of 26.3 percent. During the evaluation period, 12.2 percent of the bank's home mortgage loan originations and purchases inside the AAs were in the SW Virginia AA for 2020 and 2021.

Based on 2022 Peer Mortgage Data and 2020 U.S. Census data, NBB ranked 24th out of 279 lenders in the AA in residential home mortgage volume. NBB held 1.07 percent of the lending market share, based on the number of loans, lending \$11.6 million (64 loans). Top mortgage lenders in the AA included Vanderbilt Mortgage and Finance, Rocket Mortgage, Truist Federal Credit Union, and The Bank of Marion, with a combined market share of 25.4 percent. During the evaluation period, 19.6 percent of the bank's home mortgage loan originations and purchases inside the AAs were in the SW Virginia AA for 2022.

There is strong competition for small business loans in the AA. As of the 2021 Peer Small Business Data Report, there were 79 lenders originating or purchasing small business loans in the AA. The top four lenders included The Bank of Marion, First Community Bank, American Express National Bank, and Truist Bank, with a combined market share of 47.4 percent. As of the 2022 Peer Small Business Data Report, there were 71 lenders originating or purchasing small business loans in the AA. The top four lenders included Synchrony Bank, American Express National Bank, First Community Bank, and Truist Bank, with a combined market share of 49.9 percent.

Community Contacts/Credit Needs

As part of the CRA Performance Evaluation, the OCC reviewed information provided from one interview with a representative from a community service organization. The contact identified the following as needs and opportunities in the AA:

1. Housing - the community lacks quality affordable units.
2. Mental Health (Substance Abuse) – there is a lack of treatment providers in the community and families do not have access to resources to obtain assistance.
3. Employment – there is a need for better-paying or livable wage jobs. Individuals also lack skills needed to obtain these jobs.
4. Child Care – there are not enough providers to meet the needs of parents or caregivers.

5. Transportation – the area lacks public transportation and families do not have reliable methods of mobility.

Washington County AA

The Washington County AA, in the Kingsport-Bristol, TN-VA MSA, consists of Washington County, VA. NBB operated one of its 24 bank branches in the AA in a middle-income CT during the evaluation period.

Table A – Demographic Information of the Assessment Area Assessment Area: Washington County AA (2020-2021)						
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	4,397	0.0	0.0	57.9	42.1	0.0
Farms by Geography	289	0.0	0.0	66.4	33.6	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 2021 D&B Data</i> <i>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>						

Table A – Demographic Information of the Assessment Area						
Assessment Area: Washington County AA - 2022						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	15	0.0	0.0	73.3	26.7	0.0
Population by Geography	53,935	0.0	0.0	75.4	24.6	0.0
Housing Units by Geography	25,999	0.0	0.0	74.5	25.5	0.0
Owner-Occupied Units by Geography	16,820	0.0	0.0	73.3	26.7	0.0
Occupied Rental Units by Geography	5,284	0.0	0.0	73.1	26.9	0.0
Vacant Units by Geography	3,895	0.0	0.0	82.0	18.0	0.0
Businesses by Geography	5,050	0.0	0.0	66.4	33.6	0.0
Farms by Geography	313	0.0	0.0	75.1	24.9	0.0
Family Distribution by Income Level	14,552	17.9	17.4	20.2	44.4	0.0
Household Distribution by Income Level	22,104	20.0	16.7	17.2	46.1	0.0
Median Family Income MSA - 28700 Kingsport-Bristol, TN-VA MSA		\$60,792	Median Housing Value			\$158,323
			Median Gross Rent			\$719
			Families Below Poverty Level			8.7%
<i>Source: 2020 U.S. Census and 2022 D&B Data</i>						
<i>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>						

Demographic Data

As of the 2015 ACS U.S. Census data in the table above, the population of the Washington County AA was 54,759, with none of the population living in low- or moderate-income CTs, 68.8 percent living in middle-income CTs, and 31.2 percent living in upper-income CTs. As of the 2015 ACS U.S. Census, the AA consisted of 13 CTs, and was comprised of eight middle-income and five upper-income CTs.

There were CT classification changes in the AA during the evaluation period between the 2015 ACS U.S. Census and the 2020 U.S. Census. As of the 2020 U.S. Census data in the table above, the population of the Washington County AA was 53,935, with 75.4 percent of the population living in middle-income CTs and 24.6 percent living in upper-income CTs. The AA consisted of eleven middle-income, and four upper-income CTs.

Job Market and Economic Conditions

According to the Bureau of Labor Statistics, the unemployment rate in the Washington County AA ranged from an annual average of 6.0 percent in 2020, 3.6 percent in 2021, and 2.9 percent in 2022. These unemployment rates are comparable to the national average annual unemployment rate of 8.1 percent, 5.4 percent, and 3.6 percent for the same periods, respectively. The state of Virginia unemployment rates were comparable to the AA and the national unemployment rates for the same period, with an annual average of 6.4 percent in 2020, to 3.9 percent in 2021, and 2.8 percent in 2022.

According to the Virginia Employment Commission, Washington County's major employers are Food City, Washington County Schools, Wal Mart, Utility Trailer Manufacturing, and Bristol Regional Health Systems.

Competition

Competition for deposits in the AA is strong given the number and size of financial institutions in the AA. Competition is comprised of local community banks and branches of larger financial institutions. According to the June 30, 2022, Deposit Market Share Report from the FDIC, 12 financial institutions with 24 offices operated in the AA. NBB held the 10th ranking with deposit market share of 1.3 percent, with \$18.3 million in total deposits in the AA. This represents 1.2 percent of the bank's total deposits. The bank's primary competitors with significant deposit activity in the AA include First Bank & Trust Company; First Community Bank; Wells Fargo Bank, National Association; and Truist Bank, holding a combined 80.1 percent of the deposit market share.

As stated above, NBB's primary business focus includes home mortgage and small business lending. Strong competition for home mortgage loans exists in the AA. Based on 2021 Peer Mortgage Data and 2015 ACS U.S. Census data, NBB ranked 37th out of 192 lenders in the AA in residential home mortgage volume. As of the 2021 Peer Mortgage Data Report, NBB held 0.5 percent of the lending market share, based on the number of loans, lending \$3.4 million (13 loans). Top mortgage lenders in the AA included Eastman Credit Union, First Bank & Trust Company, Rocket Mortgage, Vanderbilt Mortgage and Finance, and The Bank of Marion, with a combined market share of 44.7 percent. During the evaluation period, 2.6 percent of the bank's home mortgage loan originations and purchases inside the AAs were in the Washington County AA for 2020 and 2021.

Based on 2022 Peer Mortgage Data and 2020 U.S. Census data, NBB ranked 22nd out of 172 lenders in the AA in residential home mortgage volume. NBB held 0.9 percent of the lending market share, based on the number of loans, lending \$3.4 million (17 loans). Top mortgage lenders in the AA included Eastman Credit Union, First Bank & Trust Company, Rocket Mortgage, Vanderbilt Mortgage and Finance, and The Bank of Marion, with a combined market share of 44.1 percent. During the evaluation period, 5.6 percent of the bank's home mortgage loan originations and purchases inside the AAs were in the Washington County AA for 2022.

There is strong competition for small business loans in the AA. As of the 2021 Peer Small Business Data Report, there were 50 lenders originating or purchasing small business loans in the AA. The top four lenders included First Bank & Trust Company, American Express National Bank, The Bank of Marion, and Synchrony Bank, with a combined market share of 60.6 percent. As of the 2022 Peer Small Business Data Report, there were 45 lenders originating or purchasing small business loans in the AA. The top four lenders included American Express National Bank, Synchrony Bank, First Bank & Trust Company, and The Bank of Marion, with a combined market share of 55.4 percent.

Scope of Evaluation in Virginia

The OCC performed a full-scope review of the Blacksburg MSA AA and the SW Virginia AA, with a limited-scope review of the Washington County AA. The data in the AAs were analyzed and presented as three AAs for the purposes of this evaluation. Home mortgage and small business lending are the bank's primary lending products and were evaluated under the Lending Test. As discussed above, the OCC used HMDA loan data and a loan sample of small business loans for 2020, 2021, and 2022 for the lending analysis. The OCC reviewed CD loans, qualified investments, and CD services for 2020, 2021, and 2022 for the CD test. Refer to the "Scope of the Evaluation" section for more details.

The Blacksburg MSA AA was weighted heavier than the SW Virginia AA as the bank has a larger retail presence in this AA. The OCC placed more weight on home mortgage lending. Refer to the “Scope of the Evaluation” section for more details.

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 Full-Scope Reviews

Based on full-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 reasonable geographic distribution of loans in the state.

In determining the rating, the OCC weighed demographic factors of the AA that could affect the bank’s ability to lend. These factors include competition from other financial institutions, the number of LMI geographies, branch presence, and area demographics. Refer to the “Description of Institution’s Operations in Virginia” section for more details.

Home Mortgage Loans

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.

The overall geographic distribution of home mortgage loans is excellent.

The OCC compared the percentage of home mortgage loans originated or purchased by the bank to the percentage of OOHUs in the four geographic income categories, placing emphasis on the LMI geographies. The OCC also compared the bank’s performance against the percentage of home mortgage loans of other mortgage lenders (aggregate lending data) in the AA, as demonstrated by HMDA aggregate data.

Blacksburg MSA AA

The distribution of home mortgage loans in CTs of different income levels in the Blacksburg MSA AA is excellent.

In 2020 and 2021, the geographic distribution of home mortgage loans in moderate-income CTs was excellent. The percentage of loans in moderate-income CTs exceeded the percentage of OOHUs and aggregate lending data. There were no low-income CTs located within the AA.

In 2022, the geographic distribution of home mortgage loans in low-income and moderate-income CTs was reasonable. The percentage of loans in low-income CTs exceeded the percentage of OOHUs and aggregate lending data. The percentage of loans in moderate-income CTs was near to the percentage of OOHUs and aggregate lending data.

SW Virginia AA

The distribution of home mortgage loans in CTs of different income levels in the SW Virginia AA is excellent.

In 2020 and 2021, geographic distribution of home mortgage loans in moderate-income CTs was excellent. The percentage of loans in moderate-income CTs exceeded the percentage of OOHUs and aggregate lending data. In 2020 and 2021, there were no low-income CTs.

In 2022, the geographic distribution of home mortgage loans in low- and moderate-income CTs was reasonable. There were no loan originations in the low-income CT. The percentage of loans in moderate-income CTs was near to the percentage of OOHUs and exceeded aggregate lending data.

Small Loans to Businesses

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.

The OCC compared the percentage of small loans to businesses originated or purchased by the bank in the four geographic income categories to the distribution of businesses throughout those geographies, placing emphasis on the LMI geographies. The OCC also compared the bank's performance against the percentage of small loans to businesses of other lenders (aggregate lending data), as demonstrated by CRA aggregate data.

In determining conclusions, the OCC gave consideration for opportunities to lend based on the number of CTs in each income level, the level of competition, and the number of businesses located in LMI tracts within the AAs.

The bank's overall geographic distribution of small loans to businesses is reasonable.

Blacksburg MSA AA

The distribution of small loans to businesses in CTs of different income levels in the Blacksburg MSA AA is reasonable.

In 2020 and 2021, the geographic distribution of small loans to businesses in moderate-income CT's was poor. The percentage of loans in moderate-income CT's was below the percentage of businesses and aggregate lending data. Given the low volume of businesses in these CTs, it is reasonable that the bank originated no loans in moderate-income CTs. There were no low-income CTs located within the AA.

In 2022, the geographic distribution of small loans to businesses in low- and moderate-income CTs was excellent. The percentage of loans in low-income CTs exceeded the percentage of businesses and

aggregate lending data. The distribution of loans in moderate-income CTs exceeded the percentage of businesses and aggregate lending data.

SW Virginia AA

The distribution of small loans to businesses in CTs of different income levels in the SW Virginia AA is reasonable.

In 2020 and 2021, the distribution of small loans to businesses in moderate-income CTs was excellent. The percentage of loans in moderate-income CTs exceeded the percentage of businesses and aggregate lending data. There were no low-income CTs in the AA for this period.

In 2022, the distribution of small loans to businesses in low- and moderate-income CTs was reasonable. In 2022, the bank did not originate any loans in the low-income CT. Given the low volume of businesses in the CT, limiting the ability to lend, this is reasonable. In 2022, the percentage of loans in moderate-income CTs exceeded the percentage of businesses and aggregate lending data.

Lending Gap Analysis

Examiners 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.

Home Mortgage Loans

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.

The OCC compared the percentage of home mortgage loans originated or purchased by the bank to the percentage distribution of families by income level, placing emphasis on lending to LMI families. The OCC also compared the bank's performance to home mortgage loans of other home mortgage lenders (aggregate lending data), as demonstrated by HMDA aggregate data.

NBB exhibits an overall reasonable distribution of home mortgage loans among borrowers of different income levels.

Blacksburg MSA AA

The bank exhibits a reasonable distribution of home mortgages among borrowers of different income levels, given the performance context factors.

For 2020 and 2021, the percentage of home mortgage loans to low-income borrowers was significantly below the percentage of low-income families and was below aggregate lending data. The percentage of home mortgage loans to moderate-income borrowers was below the percentage of moderate-income families and aggregate lending data.

For 2022, the percentage of home mortgage loans to low-income borrowers was significantly below the percentage of low-income families but exceeded aggregate lending data. The percentage of home mortgage loans to moderate-income borrowers was significantly below the percentage of moderate-income families and aggregate lending data.

The OCC considered other factors in the bank’s performance during the evaluation period, including the cost of homeownership, the percentage of families living below the poverty level, and competition for home mortgage lending in the AA as an obstacle to homeownership for low- and moderate-income borrowers. Refer to the “Description of Institution’s Operations in Virginia” section for more details.

Additionally, two sizable universities are located in the AA with approximately 44,000 in student enrollment. These large student populations are more likely to rent than purchase a home. This is another obstacle to home mortgage lending in the AA.

SW Virginia AA

The bank exhibits a reasonable distribution of home mortgage loans among borrowers of different income levels, given the performance context factors.

For 2020 and 2021, the percentage of home mortgage loans to low-income borrowers was significantly below the percentage of low-income families but exceeded aggregate lending data. The percentage of home mortgage loans to moderate-income borrowers was near to the percentage of moderate-income families and aggregate lending data.

For 2022, the percentage of home mortgage loans to low-income borrowers was below the percentage of low-income families but exceeded aggregate lending data. The distribution of home mortgage loans to moderate-income borrowers was below the percentage of moderate-income families and aggregate lending data.

The OCC considered other factors in the bank’s performance during the evaluation period, including the cost of homeownership, the percentage of families living below the poverty level, and competition for home mortgage lending in the AA as an obstacle to homeownership for low- and moderate-income borrowers. Refer to the “Description of Institution’s Operations in Virginia” section for more details.

Small Loans to Businesses

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.

The OCC compared the percentage distribution of small loans to businesses originated or purchased by the bank by gross annual revenue level to businesses with gross annual revenues of \$1 million or less. The OCC also compared the bank’s performance to aggregate small business data (aggregate lending data), as demonstrated by CRA aggregate data.

In evaluating the borrower distribution of small loans to businesses of different sizes, the OCC considered the level of competition and its effect on limiting the bank’s ability to lend, as well as the economic conditions in the AAs. Refer to the “Description of Institution’s Operations in Virginia” section for more details.

NBB exhibits an overall reasonable distribution of small loans to businesses of different sizes.

Blacksburg MSA AA

The bank exhibits a reasonable distribution of small loans to businesses of different income sizes.

In the loan sample for 2020 and 2021, the percentage of loans to businesses with gross annual revenue under \$1 million was below the percentage of businesses but exceeded aggregate lending data.

The pandemic impacted the local economy in 2020 and 2021. The bank was particularly responsive to the credit needs of local businesses with the origination of Small Business Administration (SBA) PPP loans in both years. However, these loans were not included in the CRA loan data (small business loans) as the bank requested them to be reviewed under CD Lending.

In the loan sample for 2022, the percentage of loans to businesses with gross annual revenue under \$1 million was below the percentage of businesses but exceeded aggregate lending data.

SW Virginia AA

NBB exhibits an excellent distribution of small loans to businesses of different income sizes.

In the loan sample for 2020 and 2021, the percentage of loans to businesses with gross annual revenue under \$1 million was near to the percentage of businesses and exceeded aggregate lending data.

The pandemic impacted the local economy in 2020 and 2021. The bank was particularly responsive to the credit needs of local businesses with the origination of SBA PPP loans in both years. However, these loans were not included in the CRA loan data (small business loans) as the bank requested them to be reviewed under CD Lending.

In the loan sample for 2022, the percentage of loans to businesses with gross annual revenue under \$1 million was near to the percentage of businesses and exceeded aggregate lending data.

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 AAs.

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 weaker than the bank's overall performance under the Lending Test in the full-scope areas. There were no low- or moderate-income geographies in the Washington County AA during this evaluation period. Therefore, an analysis of the geographic distribution of loans would not be meaningful. The bank's HMDA LAR reported 18 home mortgage loans that were originated for the years 2020-2021, and 14 home mortgage loans that were originated for the year 2022. These loan originations for the respective years are insufficient to conduct a meaningful analysis. By volume, the number of loans to small businesses was below the threshold of 20 loans for each respective analysis period to conduct a meaningful analysis.

COMMUNITY DEVELOPMENT TEST

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

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank exhibits adequate responsiveness to CD needs in the state through CD loans, qualified investments, 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.

NBB was particularly responsive to the COVID-19 pandemic and its level of CD loans were highly impactful. The OCC placed more weight on CD lending given the bank's excellent responsiveness to the COVID-19 crisis and volume of CD loans made in response to the pandemic.

NBB's participation in the SBA's Paycheck Protection Program was particularly responsive to the credit needs of the businesses and enhanced the credit availability of this loan product. The PPP loans originated in 2021 met the definition of CD as part of the 2020 OCC CRA Rule and the expanded CD definitions. However, loans made prior to October 1, 2020, were analyzed under the 1995 CRA Rule and only counted as CD loans if they had a primary purpose of CD as defined in that rule.

Number and Amount of Community Development Loans

The Community Development 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 MSA AA	304	76.4	16,822	75.3
SW Virginia AA	90	22.6	5,335	23.9
Washington County AA	4	1.0	174	0.8
Total	398	100.0	22,331	100.0

Blacksburg MSA AA

During the evaluation period, NBB originated 304 SBA PPP loans totaling \$16.8 million to help businesses keep their workforces employed during the pandemic, demonstrating excellent responsiveness. The PPP loans particularly helped revitalize and stabilize LMI areas and promoted economic development in these areas. The PPP loans were innovative, flexible loan products given the COVID-19 crisis. The bank was particularly responsive to the community's needs in the Blacksburg MSA AA with the origination of PPP loans.

SW Virginia AA

During the evaluation period, NBB originated 90 SBA PPP loans totaling \$5.3 million to help businesses keep their workforces employed during the pandemic, demonstrating excellent responsiveness. The PPP loans particularly helped revitalize and stabilize LMI areas and promoted economic development in these areas. The PPP loans were innovative, flexible loan products given the COVID-19 crisis. The bank was particularly responsive to the community's needs in the SW Virginia AA with the origination of PPP loans.

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 did not originate any loans under these programs. Borrowers are typically 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

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Blacksburg MSA AA	0	0	68	183	68	73.9	183	2.9	0	0
SW Virginia AA	0	0	12	24	12	13.0	24	0.4	0	0
Washington County AA	2	265	0	0	2	2.2	265	4.2	0	0
Statewide/Regional	1	1,233	9	4,575	10	10.9	5,808	92.5	0	0
Total	3	1,498	89	4,782	92	100.0	6,280	100.0	0	0

* 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.

Qualified investments are investments, deposits, membership shares, or grants that have as their purpose CD, as defined in the CRA regulation. The opportunity and availability for qualified CD-related investments within the bank's AAs is limited. The Qualified Investments table, shown above, 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.

The level of qualified investments, grants, and donations in the AAs demonstrates adequate responsiveness to the needs of the community. CD investments totaled \$6.3 million and includes 85 grants and donations totaling \$229,000, and two prior period investments in the bank's AAs totaling \$265,000. There were four qualified investments totaling \$4.6 million, and one prior period investment totaling \$1.2 million, that benefit the broader regional or statewide area. Qualified investments for the review period were 3.4 percent of the bank's tier 1 capital as of December 31, 2022.

Blacksburg MSA AA

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

NBB made 68 grants and donations totaling \$183,000 to CD organizations that provide direct support, services, and activities that impact moderate-income geographies and low- and moderate-income individuals in the Blacksburg MSA AA. Recipients included:

- An organization that assists low-income people and seniors with access to affordable healthy food, educates children about health issues and sustainable agriculture, and promotes the economic vitality of downtown Blacksburg.
- An organization that provides care and education for infants and children of low-income, working families in the New River Valley.
- An organization that provides affordable, high quality medical, dental, behavioral, and preventive health services to people of all ages and circumstances regardless of ability to pay or insurance status.
- An organization that supplied over \$32,000 in free clothing, housewares, diapers, and other items to qualified individuals/families through a voucher program.
- An organization that provided “Your Checking Account” booklets to Blacksburg Middle School and Christiansburg High School in both English and Spanish. These booklets are used in the classroom to teach students how to open a checking account, how to prepare a deposit slip, the proper technique for writing personal checks, how to maintain their personal checkbook and keep an accurate balance, and about debit cards, ATMs, and on-line (internet) banking.

SW Virginia AA

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

NBB made 12 grants and donations totaling approximately \$24,000 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 assists low-income and special-needs people with childcare.
- An organization that provides low- to moderate-income families backpacks with school supplies.
- An organization that provides investment in technology startups in the AA, providing economic development and revitalization, and creating employment opportunities for LMI individuals.
- An organization that assists LMI individuals by constructing affordable housing in the AA.

Statewide and Regional Investments

NBB made an additional five grants and donations totaling \$22,500 to CD organizations that were distributed among the Blacksburg MSA AA, SW Virginia AA, and Roanoke MSA. NBB also made one qualified investment to the Virginia State Public School Authority with a book value of \$1.5 million which benefitted the bank’s AAs.

Virginia Housing Development Authority (VHDA)

NBB had three current-period qualified investments to VHDA with a book value of \$3.1 million, and one qualified prior-period investment to VHDA during the evaluation period with a book value of \$1.2 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.

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 24 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, 10 members of the bank's management team provided their knowledge and experience as professional bankers to 14 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 two prior period investments in the total amount of \$265,184 for the Washington County AA. In 2021, NBB originated four SBA PPP loans totaling \$174,464 to help businesses keep their workforces employed during the pandemic. While there were no bank employees reported to have been involved in qualified CD services, certain bank personnel were 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:	1/01/2020 to 12/31/2022	
Bank Products Reviewed:	Home mortgage loans 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 VA MSA 13980	Full Scope	AA includes all CTs in the counties of Giles, Montgomery, Pulaski, and the city of Radford
SW Virginia non MSA	Full Scope	AA includes all CTs in Bland, Carroll, Grayson, Smyth, Tazewell, and Wythe County and the city of Galax. CTs 9542 and 9545.01 in McDowell County, West Virginia, and CTs 16, 17, 19, 20, 21, & 22 in Mercer County, West Virginia.
Washington County VA (in the Kingsport-Bristol TN-VA MSA 28700)	Limited Scope	Includes all CTs 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.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (,000)	% of Total	Overall Market	% of Owner- Occupied Housing Units	% Bank Loans	Aggregate	% of Owner- Occupied Housing Units	% Bank Loans	Aggregate	% of Owner- Occupied Housing Units	% Bank Loans	Aggregate	% of Owner- Occupied Housing Units	% Bank Loans	Aggregate	% of Owner- Occupied Housing Units	% Bank Loans	Aggregate
Blacksburg MSA	600	157,042	85.2	5,903	0.0	0.0	0.0	1.1	4.2	2.8	76.7	65.2	67.4	21.6	29.8	29.0	0.6	0.8	0.8
SW Virginia	86	10,065	12.2	4,440	0.0	0.0	0.0	24.7	31.4	19.4	70.7	61.6	73.9	4.6	7.0	6.7	0.0	0.0	0.0
Washington County	18	3,483	2.6	1,675	0.0	0.0	0.0	0.0	0.0	0.0	68.1	44.4	60.5	31.9	55.6	39.5	0.0	0.0	0.0
Total	704	170,590	100.0	12,018	0.0	0.0	0.0	12.9	7.4	8.6	72.3	64.2	68.8	14.6	27.7	22.2	0.2	0.7	0.4

*Source: 2015 ACS; 01/01/2020 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%
The National Bank of Blacksburg (10000012229) excluded from Aggregate*

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (,000)	% of Total	Overall Market	% of Owner- Occupied Housing Units	% Bank Loans	Aggregate	% of Owner- Occupied Housing Units	% Bank Loans	Aggregate	% of Owner- Occupied Housing Units	% Bank Loans	Aggregate	% of Owner- Occupied Housing Units	% Bank Loans	Aggregate	% of Owner- Occupied Housing Units	% Bank Loans	Aggregate
Blacksburg MSA	187	49,789	74.8	3,670	0.0	3.2	0.2	19.2	17.1	19.3	56.4	49.7	54.0	24.4	29.9	26.4	0.0	0.0	0.1
SW Virginia	49	9,881	19.6	3,427	0.9	0.0	0.5	26.8	26.5	23.9	61.6	71.4	60.1	10.7	2.0	15.4	0.0	0.0	0.0
Washington County	14	2,865	5.6	1,178	0.0	0.0	0.0	0.0	0.0	0.0	73.3	64.3	74.3	26.7	35.7	25.7	0.0	0.0	0.0
Total	250	62,535	100.0	8,275	0.5	2.4	0.3	20.1	18.0	18.5	61.6	54.8	59.4	17.8	24.8	21.8	0.0	0.0	0.0

*Source: 2020 U.S. Census; 01/01/2022 - 12/31/2022 Bank Data, 2022 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%
The National Bank of Blacksburg (10000012229) excluded from Aggregate*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$ (,000)	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Blacksburg MSA	600	157,042	85.2	5,903	18.4	5.5	6.7	18.1	12.3	18.1	21.7	15.2	19.9	41.9	44.2	36.8	0.0	22.8	18.6
SW Virginia	86	10,065	12.2	4,440	23.5	10.5	6.6	19.5	17.4	20.6	20.7	22.1	21.0	36.3	32.6	35.6	0.0	17.4	16.2
Washington County	18	3,482	2.6	1,675	17.3	5.6	6.3	18.2	27.8	16.2	19.0	16.7	20.2	45.5	38.9	44.4	0.0	11.1	13.0
Total	704	170,589	100.0	12,018	20.8	6.1	6.6	18.8	13.4	18.7	20.8	16.1	20.3	39.6	42.6	37.4	0.0	21.9	16.9

Source: 2015 ACS; 01/01/2020 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%
The National Bank of Blacksburg (10000012229) excluded from Aggregate

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$ (,000)	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Blacksburg MSA	187	49,789	74.8	3,670	19.9	8.6	7.0	17.3	8.6	21.2	22.0	12.3	19.9	40.8	44.4	37.3	0.0	26.2	14.6
SW Virginia	49	9,881	19.6	3,427	22.5	14.3	9.5	21.4	18.4	22.6	21.0	22.4	23.0	35.1	30.6	31.0	0.0	14.3	13.9
Washington County	14	2,865	5.6	1,178	17.9	7.1	9.0	17.4	21.4	19.0	20.2	14.3	22.5	44.4	50.0	38.0	0.0	7.1	11.5
Total	250	62,535	100.0	8,275	20.9	9.6	8.3	19.4	11.2	21.5	21.2	14.4	21.6	38.5	42.0	34.8	0.0	22.8	13.8

Source: 2020 U.S. Census; 01/01/2022 - 12/31/2022 Bank Data, 2022 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%
The National Bank of Blacksburg (10000012229) excluded from Aggregate

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2020-21	
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$ (,000)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
Blacksburg MSA	43	4,698	68.3	2,134	0.0	0.0	0.0	1.8	0.0	1.3	69.9	86.0	71.4	26.6	13.9	24.6	1.8	0.0	2.7	
SW Virginia	20	12,568	31.7	2,769	0.0	0.0	0.9	20.4	25.0	20.5	72.1	60.0	67.6	7.6	15.0	9.9	0.0	0.0	1.1	
Total	63	17,266	100.0	4,903	0.0	0.0	0.6	11.3	7.9	13.6	71.0	77.8	69.0	16.8	14.3	15.2	0.9	0.0	1.7	

Source: 2021 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data.
 Due to rounding, totals may not equal 100.0%
 The National Bank of Blacksburg (10000012229) excluded from Aggregate

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2022	
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$ (,000)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
Blacksburg VA MSA	40	6,504	66.7	2,359	0.5	2.5	0.3	14.7	20.0	15.2	52.5	60.0	52.3	31.8	17.5	31.2	0.5	0.0	1.0	
SW Virginia	20	2,104	33.3	2,544	1.5	0.0	1.4	25.3	35.0	24.4	59.7	60.0	61.5	13.5	5.0	12.0	0.0	0.0	0.7	
Total	60	8,608	100.0	5,996	0.8	1.7	0.9	16.9	25.0	17.4	57.6	60.0	59.9	24.4	13.3	21.1	0.2	0.0	0.8	

Source: 2022 D&B Data; 01/01/2022 - 12/31/2022 Bank Data; 2022 CRA Aggregate Data.
 Due to rounding, totals may not equal 100.0%
 The National Bank of Blacksburg (10000012229) excluded from Aggregate

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues												2020-21
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	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Blacksburg VA MSA	43	4,699	68.3	2,134	84.3	58.1	53.6	3.7	32.6	12.0	9.3	
SW Virginia	20	12,567	31.7	2,769	83.0	80.0	56.0	3.9	20.0	13.1	0.0	
Total	63	17,266	100.0	4,903	83.7	65.1	55.1	3.8	28.6	12.5	6.3	
<i>Source: 2021 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data. Due to rounding, totals may not equal 100.0% The National Bank of Blacksburg (10000012229) excluded from Aggregate</i>												

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues												2022
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	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Blacksburg VA MSA	40	6,504	66.7	2,359	86.6	70.0	56.3	3.0	30.0	10.5	0.0	
SW Virginia	20	2,104	33.3	2,544	84.8	75.0	64.9	3.4	25.0	11.8	0.0	
Total	60	8,608	100.0	4,903	86.0	71.7	61.1	3.2	28.3	10.9	0.0	
<i>Source: 2022 D&B Data; 01/01/2022 - 12/31/2022 Bank Data; 2022 CRA Aggregate Data. Due to rounding, totals may not equal 100.0% The National Bank of Blacksburg (10000012229) excluded from Aggregate</i>												

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.