



PUBLIC DISCLOSURE

February 4, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

New Horizon Bank, National Association
Charter Number 24858

1870 Stoneridge Commerce Drive
Powhatan, Virginia 23139

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

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating is Satisfactory

The Lending Test is rated: Satisfactory

The major factors supporting the institution's rating include:

- New Horizon's loan-to-deposit (LTD) ratio is reasonable given the bank's size, lending opportunities within the assessment area (AA), credit needs, and relevant competitive factors.
- A majority of the bank's loans were originated within the bank's AA.
- The bank's record of lending to borrowers of different income levels reflects excellent penetration.
- The geographic distribution of loans reflects reasonable dispersion among borrowers of different income tracts throughout the AA.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout 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. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: 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; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, 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, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households

always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

Full 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, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/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. 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 it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

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 (MSA): 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.

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

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

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

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

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) 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 One 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.

Description of Institution

New Horizon Bank, National Association (NHB), established October 7, 2009, is a small, full service community bank, headquartered in Powhatan, Virginia with total assets of \$84 million as of December 30, 2018. NHB is a publicly owned stock company; however, is not listed on any stock exchange. The bank is an intrastate institution with one office location, primarily serving the counties of Powhatan, Chesterfield, and Amelia in the state of Virginia. NHB has originated loans in the surrounding counties to a lower volume.

NHB relocated 3.3 miles from 2501 Anderson Highway, Powhatan, Virginia, to its new location at 1870 Stoneridge Commerce Drive, Powhatan, Virginia. NHB is located within the Richmond Metropolitan Statistical Area (MSA), and has designated a portion of the MSA as its AA¹. The current location has an attached drive-up window and an automated teller machine (ATM). The bank lobby hours are Monday to Wednesday from 9 a.m. to 5 p.m.; Thursday and Friday from 9 a.m. to 6 p.m.; and Saturday from 9 a.m. to 12 p.m. Drive-up banking hours are Monday to Friday from 9 a.m. to 6 p.m.; and Saturday from 9 a.m. to 12 p.m. NHB has an ATM with the ability to receive same day credit for deposits made up until 10 p.m. each business day. There have been no other openings or closings during the evaluation period.

New Horizon offers a variety of deposit and loan products to meet consumer and business banking needs. The bank's Internet website, www.newhorizonbank.com, provides detailed information on products and services for both consumers and businesses. Banking services are standard and business services can be tailored to suit business needs. NHB offers free online banking with bill payment for consumers. NHB offers a checking account to customers 55 years and up with no service fees and a no minimum balance requirement.

NHB's predominant product is a temporary financing, adjustable rate mortgage loan secured by one- to four-family dwellings. Other loan types offered include new and used automobile loans; home equity lines of credit; home equity loans; construction loans; land loans; personal lines of credit; and tailored business loans. Deposit products include personal and business checking; savings; money market; IRA; and Certificates of Deposit.

A significant level of competition exists within the bank's AAs. A review of the June 30, 2018, Federal Deposit Insurance Corporation (FDIC) Summary of Deposit Market Share Report for Amelia, Chesterfield, and Powhatan County in the *New Horizon AA*, indicated there are 90 offices of FDIC-insured institutions, representing 20 institutions varying in asset sizes. NHB ranked fifteenth with a deposit market share of 1.37 percent. The top institutions and their respective deposit market share percentage were Wells Fargo, National Association with 29.45 percent; Branch Banking & Trust (BB&T) Company with 10.45 percent; SunTrust Bank with 10.17 percent; Union Bank and Trust with 9.47 percent; and Bank of America, National Association with 9.44 percent. Bank management identified Village Bank as a competitor institution, holding 4.99 percent deposit market share in the bank's AA.

¹ See Appendix B for a detailed description of New Horizon Assessment Area (*New Horizon AA*)

As of December 30, 2018, Tier I Capital was approximately \$9 million. NHB's net loans as of December 31, 2018, totaled \$66.5 million, or 79.19 percent of total assets. Total deposits were \$73.6 million or 87.54 percent of total assets. Table 1 below depicts the loan portfolio by loan product as of December 30, 2018.

Table 1: Loan Categories as of December 31, 2018*		
TYPE OF LOAN	Balance Outstanding (000's)	% of Total Loans
1-4 Family Residential	16,692	25.08
Multi-family Residential	1,926	2.89
Non-Farm/Non-Residential	22,381	33.63
Construction & Land Development	9,028	13.56
Loans to Individuals	1,223	1.84
Commercial and Industrial	6,312	9.48
Loans to farmers/secured by farmland	9,081	13.64
Other Loans	89	0.13
Total Gross Loans	66,732	100.25
Less unearned income on loans	(178)	(0.25)
Total loans held for investment	66,554	100.00

*Data obtained from Consolidated Reports of Condition and Income for a bank with Domestic Offices Only – FFIEC 051 as of December 31, 2018.

There are no legal or financial factors impeding the bank's ability to help meet the credit needs in its assessment area. NHB received an "Outstanding" rating on its September 12, 2012 Performance Evaluation.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The CRA activities at NHB were completed using full-scope review procedures for its AA. NHB was evaluated using the Small Bank examination procedures, which includes a lending test. The lending test evaluates the institution's record of meeting the credit needs of its AA through its lending activities. The evaluation period under the Lending Test covers the institution's performance from January 1, 2015 through December 31, 2017.

We used two evaluation periods for the examination. The first evaluation period covers the bank's lending performance from January 1, 2015 to December 31, 2016, and was compared to the 2010 U.S. Census Data. Geographic and Borrower Distribution Tables for this evaluation period are presented in the body of the Public Evaluation.

In 2017, the United States Office of Management and Budget revised the 2010 U.S. Census data that resulted in differences to the MSA/MD, census tract, and income designations. To reflect the census changes, the second evaluation period covered lending performance from January 1, 2017

to December 31, 2017, and was compared to the 2015 American Community Survey (ACS) U.S. Census Data. Geographic and Borrower Distribution Tables for this evaluation period are presented in Appendix C.

The bank's primary loan product is consumer loans, based on originations in the AA during the evaluation period. NHB originated a total of 101 consumer loans during the evaluation period, with a total of 58 consumer loans originated in the *New Horizon AA*. We excluded home mortgage loans, small loans to businesses, and farms loans from the lending test because NHB did not originate a sufficient number of these loan types in its AA during the evaluation period for us to evaluate as a statistically valid sample.

Data Integrity

The bank reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). Prior to this evaluation, we tested the accuracy of the institution's HMDA data during a data integrity (DI) examination performed in September 2018. Our purpose was to validate the accuracy of the bank's HMDA data for the time period of January 1, 2015 through December 31, 2017. At that time, we determined that the HMDA data was unreliable because we found errors in the HMDA data in excess of the tolerance levels of 5 percent for a key field and 10 percent for all fields in the sample. Subsequent corrective actions were since taken by NHB to ensure the data was accurate and could be relied upon. We performed a second DI Examination in January 2019 to validate the corrections and determined that the HMDA data was accurate and reliable for the time period stated above. Therefore, we utilized the HMDA data from January 1, 2015 through December 31, 2017 for this evaluation.

Selection of Areas for Full-Scope Review

We performed a full-scope review of the *New Horizon AA* because this AA comprised a majority of the lending activity during the evaluation period. Please refer to Appendix A and Appendix B for more information.

In 2015-2016, the *New Horizon AA* consisted of 35 CTs. Based on the 2010 Census data used for 2015-2016, there were no low-income tracts, two (5.72 percent of AA) moderate-income tracts, 16 (45.71 percent of AA) middle-income tracts, and 17 (48.57 percent of AA) upper-income tracts.

The census data change in 2017 altered the income designations of several CTs in the *New Horizon AA*. The bank maintained the same 35 CTs in the AA. Based on the 2015 ACS Census data effective in 2017, there was one (2.86 percent of AA) low-income tract and one (2.86 percent of AA) moderate-income tract; and there were 15 (42.85 percent of AA) middle-income tracts, and 18 (51.43 percent of AA) upper-income tracts.

Ratings

In this performance evaluation, performance in the *New Horizon AA* for 2015 through 2016 and 2017 carried equal weight in our conclusions as the bank's lending activities remain constant during the evaluation period.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area 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.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the lending test is satisfactory. The LTD ratio is reasonable and a majority of the loans are originated inside the bank's AA. The record of lending to borrowers of different income levels reflects an excellent distribution in the AA. The geographic distribution of loans reflects reasonable distribution in the AA.

The distribution of loans by income level of the borrower received greater consideration than the distribution of loans by income level of the geography. This is due to the limited number of low- and moderate-income census tracts in the AA. The AA during the 2015-2016 time period consisted of no low-income census tracts in the AA, and two moderate-income census tracts, or 5.7 percent of total tracts in the AA. During the 2017 time period, the AA consisted of one low-income, and one moderate-income census tract, resulting in the same percentage of total tracts in the AA.

Loan-to-Deposit Ratio

NHB's quarterly average net LTD ratio is reasonable given the institution's size, financial condition, and credit needs of the AA. The bank's LTD ratio meets the standard for satisfactory performance. The bank's average quarterly LTD ratio over the 25-quarter consecutive quarters (September 30, 2012 through September 30, 2018), was 85.14 percent. During the same period, NHB's LTD ratio ranged from a quarterly low of 75.12 percent to a quarterly high of 91.94 percent. The quarterly average net LTD ratio of 85.14 percent is below the average net LTD ratio of 95.38 percent for local competitor banks in the AA during the same period. However, the difference is reasonable considering the bank's performance context. The average quarterly net LTD for the competitor banks ranged from an average low of 66.90 percent to an average high of 96.08 percent over the same period. Of the institutions compared, NHB is the only one with a single location in the AA, thereby limiting opportunities for lending in other market areas.

Lending in Assessment Area

A majority of NHB's consumer loan products originated during the evaluation period were inside the AA. NHB meets the standard for satisfactory performance for lending inside the AA. An analysis of the consumer loan originations during the evaluation period disclosed that 60.30 percent of the total number, and 54.14 percent of the total dollar amount of loans were originated within the AA. This ratio is a bank-wide calculation and is not calculated by individual AA. Analysis is limited to bank originations during the evaluation period. Refer to Table 2 for more information.

Table 2: Lending in the New Horizon AA										
Loan Type	Number of Loans					Dollars of Loans (000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Consumer Loans	61	60.30	40	39.60	101	340	54.14	288	45.86	628

Source: NHB’s consumer loan originations from January 1, 2015 to December 31, 2017

Lending to Borrowers of Different Incomes

NHB’s lending throughout its AA shows excellent distribution to borrowers of different income levels. The distribution of consumer loans among borrowers of different incomes in 2017 is not inconsistent with the distribution in 2015 and 2016. See Appendix C for tables reflecting 2017 performance.

We compared the bank’s level of lending to the percent of households by income level category. The percentage of loans made to low-income borrowers exceeded the percentage of households in the low-income tracts in the AA. The percentage of loans made to moderate-income borrowers exceeded the percentage of households in the moderate-income tracts in the AA. One loan in the sample had no borrower income provided; therefore, the borrower distribution analysis was performed on the 28 loans with borrower income.

Table 3 shows the distribution of New Horizon’s consumer loans among different income levels compared to the percentage of households in each income category.

Table 3: Borrower Distribution of Consumer Loans in the New Horizon AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	12.98	34.48	13.31	13.79	18.65	20.69	55.06	27.59

Source: NHB’s Consumer Loan Originations data January 1, 2015 to December 31, 2016; and 2010 U.S. Census data

Geographic Distribution of Loans

NHB’s geographic distribution of consumer lending reflects reasonable throughout census tracts of different income levels, when compared to the percentage of households located in the low- and moderate-income census tracts in the AA. NHB’s performance meets the standard for satisfactory performance. There were no conspicuous gaps identified within NHB’s AA.

The distribution of loans among different census tract income levels in 2017 is not inconsistent with the distribution in 2015 and 2016. For 2017 consumer lending, there is one low-income census tract and one moderate-income census tract in the bank's AA. These two census tracts are located

in close proximity to Richmond and may be better served by competitor bank in that independent city. See Appendix C for tables reflecting 2017 performance.

The *New Horizon AA* for 2015-16 includes no low-income CTs and 2 moderate-income CTs, which is 5.71 percent of the total CTs in the AA. We compared the bank’s lending in moderate-income CTs to the percentage of households in each income tract category. The level of consumer lending in moderate-income CTs is below the percentage of households in moderate-income CTs in the AA.

Table 4 details the distribution of New Horizon’s consumer loans among different income levels compared to the percentage of households in the AA geographies.

Table 4: Geographic Distribution of Consumer Loans in the <i>New Horizon AA</i>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0.00	0.00	5.80	3.45	45.04	79.31	49.16	17.24

Source: NHB’s Loan Originations data January 1, 2015 to December 31, 2016; and 2010 U.S. Census data.

The bank’s performance is considered satisfactory when taking into consideration the relatively low percentage of households in moderate-income tracts; the competition from other institutions; and the location of the bank’s office in relation to the two moderate-income geographies.

The moderate-income census tracts are physically located in the north central section of Chesterfield County. The moderate-income census tract in Chesterfield County is in close proximity to the city of Richmond and households may be better served by competitor banks in that independent city. The second moderate income census tract located in southeastern Amelia County has two large competitor bank's branches in closer proximity to households in that tract.

Responses to Complaints

There were no CRA complaints received by the bank or the agency since the prior examination regarding performance in meeting the credit needs of NHB’s 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 metropolitan and nonmetropolitan areas 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	Lending Test (excludes CD loans): (01/01/2015 to 12/31/2017)	
Financial Institution		Products Reviewed
New Horizon Bank, NA (NHB) Powhatan, Virginia		Consumer Loans
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not applicable.		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
A portion of the State of Virginia - Richmond MSA #40060	Full-Scope	<i>New Horizon AA</i> included all CTs in Powhatan and Amelia County; and 28 CTs in northwestern Chesterfield County in the state of Virginia.

Appendix B: Community Profiles for Full-Scope Areas

New Horizon AA

Demographic Information for Full-Scope Area: <i>New Horizon AA</i>					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	35	0.00	5.71	45.71	48.57
Population by Geography	164,074	0.00	4.89	45.31	49.80
Owner-Occupied Housing by Geography	48,910	0.00	4.34	44.47	51.20
Businesses by Geography	14,315	0.00	6.10	46.64	47.27
Farms by Geography	425	0.00	9.88	52.71	37.41
Family Distribution by Income Level	44,231	11.51	15.33	20.70	52.45
Distribution of Low- and Moderate-Income Families throughout AA Geographies	11,874	0.00	10.78	57.07	32.15
Median Family Income	= \$71,605	Median Housing Value Unemployment Rate		= \$276,997	
HUD Adjusted Median Family Income for 2016	= \$72,400			2.8%	
Households Below the Poverty Level	= 5.00%				

Source: 2010 U.S. Census, and 2016 HUD updated MFI

NHB’s AA is located within the Richmond, Virginia (VA) MSA (#40060) and includes all census tracts in Powhatan County, VA, all census tracts in Amelia County, VA and 28 census tracts in northwestern Chesterfield County, VA. Using the 2010 US Census, Amelia County has one middle income and one moderate income census tract; Powhatan County has four middle-income and one upper-income census tracts; and northwestern Chesterfield County has 16 upper-income, 11 middle-income; and one moderate-income census tracts. Due to census changes with the 2015 American Census Survey, the AA for Year 2017 has two middle-income census tracts in Amelia County; four middle-income census tracts and one upper-income census tract in Powhatan County; and 17 upper-income census tracts, 9 middle-income census tracts, one moderate-income census tract and one low income census tract in northwestern Chesterfield County. The AA meets regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies.

The average unemployment rate in the AA for 2018 was 2.8 percent which is the same as the Virginia state unemployment rate of 2.8 percent for December 2018, but lower than the national unemployment rate of 3.7 percent. The national unemployment rate at the beginning of the evaluation period (January 2015) was 5.7 percent and continued a steady decline during the evaluation period to 4.1 percent at December 2017. Virginia's statewide unemployment rates showed a steady decline during the evaluation period from 4.9 percent at January 2015 to 3.6 percent at December 2017. The individual counties in the AA reported similar unemployment rates, showing the highest percent in January 2018 and the lowest percent in December 2018.

Amelia County reported a high unemployment rate of 3.9 percent to a low of 2.8 percent. Chesterfield County reported a high of 3.5 percent to a low of 2.5 percent. Powhatan County reported a high of 3.3 and a low of 2.3 percent.

Major employers² in the AA include Virginia Commonwealth University, MCV Hospital, Capital One Bank, Bon Secours Richmond Health System, and HCA Virginia Health System.

Moody's Analytics, Inc., a leading independent provider of data, analysis, modeling and forecasting on national and regional economies, financial markets and credit risk, reported in its December 2018 Report job growth has picked up from early 2018 and is closing in on the U.S. average. Healthcare, leisure/hospitality, and professional/business services are leading the economy. Lenders are eager to extend credit in the metro area; consumer credit balances have risen at a faster than average pace for most of 2018.

Moody's analysis indicates the Richmond VA's strengths include above-average per capita income, lower business costs and higher housing affordability that attract firms and households to the area. The weaknesses were sensitivity to the strength of District of Columbia's economy, and the structural deficits and imbalances in state government.

The housing opportunities for low- and moderate-income individuals are constrained given the available housing stock and values and the median family income range of low- and moderate-income persons. Approximately 46 percent of the census tracts, 45 percent of the population, 44 percent of owner-occupied housing units, and 47 percent of businesses are in middle-income census tracts. In addition, 33 percentage of the AA low- and moderate-income families are in middle-income geographies. Therefore, the majority of the bank's lending opportunities are in middle-income census tracts.

As part of our review we reached out to a local community contact for an assessment of the local market area and the community development needs that are most needed for low- and moderate-income and at risk communities. We contacted a local organization, the Community Development Department of the County of Powhatan, Virginia for comment but was unable to speak directly with a contact. Based upon our review of the draft 2018/2019 Comprehensive Plan, we identified affordable housing and economic development as the primary needs. Specific economic development is identified for targeted growth areas in the county, where utilities and services can be most efficiently provided and identifying improvements to the transportation network to accommodate reasonable growth. As the county's population grows, there will be demand for new shops, offices, and other businesses that provide services to surrounding neighborhoods.

² Source: Virginia Employment Commission, Economics Information and Analytics, Quarterly Census of Employment and Wages (QCEW), 3rd Quarter (July, August, September) 2018

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination).

The following is a listing and brief description of the tables (*Tables below reflect 2017 performance only, unless otherwise noted*):

Table 3a Borrower Distribution of Consumer Loans - The table 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 households within each geography.

Table 4a Geographic Distribution of Consumer Loans - The table 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 of households by income level in each assessment area.

Table 3a: Borrower Distribution of Consumer Loans in the <i>New Horizon AA</i>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	13.70	53.13	13.89	15.63	18.06	15.62	54.36	15.62

Source: NHB's Loan Originations data January 1 to December 31, 2017; and ACS 2015 U.S. Census data.

Table 4a: Geographic Distribution of Consumer Loans in the <i>New Horizon AA</i>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	1.53	0.00	0.93	0.00	44.33	90.63	53.21	9.37

Source: NHB's Loan Originations data January 1 to December 31, 2017; and ACS 2015 U.S. Census data.