



## **PUBLIC DISCLOSURE**

April 22, 2019

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Old Dominion National Bank**  
Charter Number 24730

4916 Plank Road  
Suite 216  
North Garden, Virginia 22959

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

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

**The lending test is rated: Satisfactory**

The major factors that support this rating include:

- The Lending Test rating is based on the Commonwealth of Virginia. The bank did not have any branches or deposit taking ATMs outside of Virginia during the evaluation period. As a result, we only have one rating area.
- A majority of the bank's loans, 81.1 percent by number and 76.0 percent by dollar amount, were made inside its assessment area (AA).
- The bank's quarterly average loan-to-deposit (LTD) ratio is reasonable based on the bank's size, financial condition, and relevant competitive factors and totaled 78.3 percent.
- The bank exhibits reasonable geographic distribution of loans in the assessment areas.
- The bank exhibits reasonable distribution of loans to businesses of different sizes.

## Loan-to-Deposit Ratio

Considering the bank's size, financial condition during the assessment period, and credit needs of the AA(s), the bank's LTD ratio is reasonable. Beginning with the quarter ended March 31, 2014 to December 31, 2018, the average quarterly LTD ratio was 78.3 percent, ranging from 55 percent as of June 30, 2014 to 100.02 percent as of December 31, 2018. Since the prior CRA evaluation, the bank's total assets grew from \$47 million to \$273 million and they expanded into a new market. Given these significant changes, there are few similarly situated banks in its AAs. However, the average quarterly LTD of the five most similar peer institutions over the same period was 90.90 percent, ranging from 81.5 percent to 102.11 percent. The LTD as of December 31, 2018 for banks operating in the same markets as Old Dominion National Bank with similar branch and asset sizes was 88.96 percent.

The bank's average LTD ratio is lower than peer institution averages. However, it remains reasonable given that the bank was subject to a formal agreement from 2010 through 2018, including our review period. Additionally, while the 78.31 percent average is lower than peer institutions, it is not unreasonable and significantly increased over our review period as evidenced by the over 100 percent total as of year-end 2018.

## Lending in Assessment Area

A majority of the bank’s loans are originated inside its assessment area(s) (AAs).

The bank originated 81.1 percent of the number of loans and 76.0 percent by dollar volume of loans inside the bank’s AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. Performance is detailed in the table below.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				
	Inside		Outside			Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Small Business Loans	86	81.1	20	18.9	106	79,005	76.0	24,993	24.0	103,998
<i>Source: Evaluation Period: 1/1/2016 - 12/31/2018 Bank Data                      Due to rounding, totals may not equal 100.0</i>										

## Description of Institution

Old Dominion National Bank (hereinafter referred to as ODNB) is a national bank with no subsidiaries or holding company and is chartered in North Garden, Virginia. ODNB’s corporate activities are based in Tysons Corner, Virginia. As of December 31, 2018, ODNB reported total assets of \$272.9 million, tier one capital of \$60 million, and risk based capital of \$63.2 million. The bank is a multistate institution with five branches. Four branches are located in the Commonwealth of Virginia including locations in Charlottesville, Tysons Corner, Scottsville, and North Garden. The remaining branch in State College, Pennsylvania opened in 2019. The bank has four deposit taking ATMs at the North Garden, Scottsville, Tyson’s Corner, and State College Branch locations.

The bank was previously evaluated under the Community Reinvestment Act (CRA) on January 27, 2014 and received a “Satisfactory” rating.

ODNB offers a full range of loan and deposit services. Offerings include a number of commercial products, such as commercial real estate loans, government contracting loans, healthcare loans, and non-profit organization loans. Additionally, ODNB also offers SBA 504 loans and 7a loans for small businesses. For consumers, ODNB offers residential mortgages and construction loans, home equity lines of credit (HELOC), and second mortgages. Finally, ODNB offers a number of personal and business deposit accounts.

As of December 31, 2018, the bank reported \$216 million in outstanding loans and had a net loan and leases to total assets ratio of 77.9 percent. The table below reflects the distribution of ODNB’s loan portfolio as of December 31, 2018.

Distribution of Loan Portfolio as of December 31, 2018			
Loan Type		Dollars of Loans (\$000s)	% by Dollars of Loans
Commercial Real Estate including Commercial & Industrial		\$147,270	68.24%
Non-farm Non-residential Properties	82,611		
Construction and Land Development	7,449		
Commercial and Industrial Secured by Farmland	56,193 1,017		
Residential Real Estate, including Multifamily		\$67,524	31.29%
Secured by 1-4 Family Residential by 1 <sup>st</sup> liens	23,820		
Secured by 1-4 Family Residential by junior liens	67		
Secured by 1-4 Family Residential, open-end	10,152		
Construction 1-4 Family	16,562		
Secured by Multifamily (5 or more) Residential	16,923		
Consumer		\$ 1,033	0.47%
<b>Total</b>		<b>\$215,827</b>	<b>100.00%</b>

Source: Consolidated Report of Condition & Income

The Consolidated Report of Condition & Income breaks out Non-farm Non-residential loans and commercial and industrial loans in loans to small businesses and small farms. Small business loans are the bank's primary loan product.

In June 2010, the bank's federal regulator, the Office of the Comptroller of the Currency (OCC) and ODNB entered into a Formal Agreement. Between 2010 and 2018, including a portion of our review period, the bank worked to reduce classified assets and the erosion of capital. The Board appointed a new President, Chief Lending Officer, Chief Credit Officer, Chief Operating Officer, and Senior Vice President of Strategy. The Formal Agreement was terminated in July, 2018.

This information is important because it affected the bank's reputation and ability to lend in the Charlottesville market. During this time period, the bank's share price fell dramatically, and it had an unfavorable reputation with shareholders in the Charlottesville area and the Charlottesville market in general. As a result, lending focus shifted from Charlottesville to the Washington DC market in 2017 when the board opened the Tysons Corner branch location. This explains the limited level of lending in the Charlottesville MSA in 2017 and 2018. Management indicated that the bank has worked through some of these issues and continues to try and repair the reputation in the Charlottesville market and increase lending in that market.

The bank has two full-scope assessment areas for our review period. The Charlottesville MSA AA (Charlottesville AA) is the bank's legacy market area and includes activity from all three years of our review period. The bank opened the branch in Tysons Corner, Virginia in 2017 and created the Washington-Baltimore-Arlington CSA AA (WBA CSA). There is no activity in this AA in 2016 given that the branch opened in 2017. Both of these AAs are included in the Virginia Rating Area because the bank did not have any branches or deposit taking ATMs located outside of the state during our review period.

While the bank currently has a branch located in State College, Pennsylvania, we did not consider this assessment area for this Performance Evaluation given that the branch was opened in 2019, outside of the review period, and has been operational for less than six full months.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This performance evaluation assesses ODNB capacity to help meet the credit needs of the community in which it operates. Our review period includes January 1, 2016 through December 31, 2018. We assessed the bank's performance by reviewing a sample of 120 commercial loans originated during this time period. We did not review home mortgage loans or consumer loans given that they are not primary products for the institution. We used 2010 U.S. Census data and 2016 D&B data to analyze lending in 2016 and 2015 ASC Census and 2018 D&B data to analyze activity in 2017 and 2018.

### **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 assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Please refer to the Scope section under each State Rating for details regarding how full-scope AAs were selected. Please refer to appendix A, Scope of Examination, for a list of full-scope AAs.

### **Ratings**

The bank's overall rating is a blend of the state ratings, and where applicable, multistate ratings. The state rating is based on performance in all bank AAs. Please refer to the Scope section the State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

The bank has only one rating area, the Commonwealth of Virginia, and one primary product, small business loans. As such, ratings and conclusions are based on small business lending in the Commonwealth of Virginia.

### **Discriminatory or Other Illegal Credit Practices Review**

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

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

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

## State Rating

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### Commonwealth of Virginia

**CRA rating for the Commonwealth of Virginia: Satisfactory**  
**The Lending Test is rated: Satisfactory**

The major factors that support this rating include:

- The bank exhibits reasonable geographic distribution of loans in the Charlottesville AA.
- The bank exhibits reasonable geographic distribution of loans in the WBA CSA AA.
- The bank exhibits reasonable distribution of loans to businesses of different sizes in the Charlottesville AA.
- The bank exhibits reasonable distribution of loans to businesses of different sizes in the WBA CSA AA.

### Description of Institution's Operations in the Commonwealth of Virginia

#### Charlottesville AA

ODNB has identified the Charlottesville MSA #16820 as its assessment area including the city of Charlottesville and the counties of Albemarle, Fluvanna, Green, and Nelson. The information in the following tables provides demographic data for 2016 and 2017-2018 for the AA.

Demographic Information of the Assessment Area Assessment Area: 2016 Charlottesville AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	48	6.3	22.9	41.7	27.1	2.1
Population by Geography	218,705	7.1	19.2	46.2	26.3	1.2
Housing Units by Geography	94,080	5.2	21.2	46.7	26.9	0.1
Owner-Occupied Units by Geography	53,685	2.2	18.6	46.8	32.4	0.0
Occupied Rental Units by Geography	28,294	10.4	22.6	46.9	19.9	0.2
Vacant Units by Geography	12,101	6.4	28.9	46.1	18.7	0.0
Businesses by Geography	16,844	3.2	12.2	45.7	38.5	0.4
Farms by Geography	746	2.3	23.2	45.7	28.8	0.0
Family Distribution by Income Level	50,804	21.1	17.1	21.1	40.7	0.0
Household Distribution by Income Level	81,979	23.8	16.0	18.2	42.0	0.0
Median Family Income MSA - 16820 Charlottesville, VA AA		\$70,998	Median Housing Value			\$281,679
<i>Source: 2010 U.S. Census and 2016 D&amp;B Data</i>			Median Gross Rent			\$942
			Families Below Poverty Level			6.7%

Demographic Information of the Assessment Area Assessment Area: 2018 Charlottesville AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	48	4.2	31.3	37.5	25.0	2.1
Population by Geography	225,070	4.1	26.6	41.4	26.1	1.7
Housing Units by Geography	99,246	4.0	26.8	43.5	25.6	0.1
Owner-Occupied Units by Geography	55,567	2.5	20.9	47.5	29.1	0.0
Occupied Rental Units by Geography	29,982	7.4	33.3	36.1	23.0	0.1
Vacant Units by Geography	13,697	2.9	36.6	43.2	17.3	0.0
Businesses by Geography	17,350	3.1	17.8	39.0	39.6	0.5
Farms by Geography	804	1.2	20.8	49.3	28.7	0.0
Family Distribution by Income Level	52,906	21.0	17.2	21.2	40.7	0.0
Household Distribution by Income Level	85,549	24.7	16.1	17.8	41.3	0.0
Median Family Income MSA - 16820 Charlottesville, VA AA		\$76,610	Median Housing Value			\$274,808
<i>Source: 2015 ACS Census and 2018 D&amp;B Data</i>			Median Gross Rent			\$1,013
			Families Below Poverty Level			7.9%

The Charlottesville AA is centrally located in Virginia in the eastern foothills of the Blue Ridge Mountains. The AA consists of entire cities and counties and does not arbitrarily exclude low or moderate-income tracts. According to 2018 D&B data, the total population of the Charlottesville MSA is 225,070. The assessment area consists of 48 census tracts. Of the 48 tracts, two (4.2 percent) are low-income geographies, 15 (31.3 percent) are moderate-income geographies, 18 (37.5 percent) middle income geographies, 12 (25.0 percent) upper-income geographies, and one census tract that doesn't have assigned income level.

The bank has three full-service branches in the AA and two ATMs. There are no stand-alone ATM's in the Charlottesville MSA. The primary business focus in the Charlottesville AA is small business lending. However, the bank recently hired a mortgage loan officer in the market and is planning to expand their retail products and service offerings. The bank originated 68.31 percent of total loans in the Charlottesville AA in 2016. For 2017 and 2018, they originated 18 and 16 loans, representing 5.01 and 1.68 percent respectively.

As of January, 2018, the annual unemployment rate for the MSA was 3.1 percent, which is slightly higher than the 2.9 percent unemployment rate for the Commonwealth of Virginia.

The primary industries include educational services, healthcare and social assistance, accommodation and food services, government, trade, and construction. Due to the presence of the University of Virginia, the area offers a highly educated and skilled workforce to complement its infrastructure. Major employers in the area include the University of Virginia (UVA) Medical Center, the City of Charlottesville, and UVA Health Services Foundation.

ODNB faces considerable competition in the market from other financial institutions, including some large regional and national institutions. According to the Federal Deposit Insurance Corporation (FDIC), as of June 30, 2018, ODNB's retail deposits for the three branches in the assessment area totaled \$48.2 million. This represents 0.98 percent (ranking 10<sup>th</sup> out of 16 institutions) of the total market share of deposits in the Charlottesville MSA. The 15 other institutions that have a presence in the MSA operate 60 offices in the area. The top six financial competitors are Bank of America, Wells Fargo, Branch Banking and Trust Company (BB&T), SunTrust Bank, Union Bank & Trust, and Virginia National Bank. Together they represent 90 percent of the MSA market share. Deposits in the Charlottesville MSA represent 30.35 percent of the bank's total deposits.

As part of our evaluation of ODNB, we interviewed a community contact from a local organization in the Charlottesville MSA. The organization helps create affordable housing opportunities in the Charlottesville community through education, lending, and development. In 2018, the organization provided down payment assistance to more than 940 homebuyers, has created/managed 410 affordable rental properties, and provided financial literacy counseling to more than 4,700 people. The contact stated that economic conditions have steadily improved and Virginia as a whole is urbanizing faster than the national average. The contact identified financing for affordable housing construction and financial literacy outreach as the primary credit needs of the community.

## **Washington-Baltimore-Arlington-Combined Statistical Area (WBA- CSA)**

The bank identified the WBA CSA as its assessment area including the District of Columbia, Maryland counties of Prince George and Montgomery, Virginia counties of Arlington, Fairfax, Loudoun, and Prince William, and Virginia cities of Alexandria, Falls Church, Fairfax, Manassas, and Manassas Park. The information in the following tables provides demographic data for 2016 and 2017-2018 for the AA.

Demographic Information of the Assessment Area Assessment Area: 2016 Washington Baltimore Arlington CSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,132	10.1	23.9	31.0	34.1	0.9
Population by Geography	4,667,543	9.3	23.4	32.1	35.1	0.2
Housing Units by Geography	1,838,846	9.7	24.1	32.1	34.1	0.0
Owner-Occupied Units by Geography	1,088,004	4.1	18.4	35.4	42.2	0.0
Occupied Rental Units by Geography	611,171	18.5	33.1	27.3	21.1	0.0
Vacant Units by Geography	139,671	15.6	29.3	27.6	27.5	0.0
Businesses by Geography	382,149	4.7	18.6	31.6	44.7	0.4
Farms by Geography	5,298	3.4	16.2	34.3	46.1	0.0
Family Distribution by Income Level	1,075,226	20.9	16.8	20.4	41.9	0.0
Household Distribution by Income Level	1,699,175	21.8	16.9	18.9	42.4	0.0
Median Family Income MSA - 43524 Silver Spring-Frederick-Rockville, MD		\$107,887	Median Housing Value			\$451,458
Median Family Income MSA - 47894 Washington-Arlington-Alexandria, DC-VA-MD-WV, MD		\$100,486	Median Gross Rent			\$1,331
<i>Source: 2010 U.S. Census and 2016 D&amp;B Data</i>			Families Below Poverty Level			5.0%

Demographic Information of the Assessment Area Assessment Area: 2018 Washington Baltimore Arlington CSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,132	10.6	21.0	30.7	36.4	1.3
Population by Geography	4,941,619	9.8	20.6	31.6	37.4	0.6
Housing Units by Geography	1,904,110	10.1	20.5	31.8	37.1	0.5
Owner-Occupied Units by Geography	1,087,061	4.0	16.3	33.5	46.0	0.2
Occupied Rental Units by Geography	695,864	18.6	26.5	29.6	24.3	1.0
Vacant Units by Geography	121,185	16.4	23.5	28.8	30.7	0.6
Businesses by Geography	410,414	4.7	17.7	32.1	44.7	0.8
Farms by Geography	5,820	3.8	15.7	32.8	47.4	0.2
Family Distribution by Income Level	1,147,823	21.9	16.1	19.6	42.5	0.0
Household Distribution by Income Level	1,782,925	22.8	16.3	18.4	42.5	0.0
Median Family Income MSA - 43524 Silver Spring-Frederick-Rockville, MD		\$112,655	Median Housing Value			\$433,654
Median Family Income MSA - 47894 Washington-Arlington-Alexandria, DC-VA-MD-WV, MD		\$106,762	Median Gross Rent			\$1,571
			Families Below Poverty Level			5.8%
<i>Source: 2015 ACS Census and 2018 D&amp;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>						

The WBA CSA is comprised of 1,132 census tracts of which 120 are low-income and 238 moderate-income tracts. Based on the 2015 American Community Survey and the 2018 D&B data, the CSA has a population of 5 million people. As of June 30, 2018, the bank operates one branch and one automated teller machine (ATM) in this market. ODNB ranks 37th with a deposit market share of 0.06 percent or \$110.5 million among the 63 institutions in the market. As of June 30, 2018, the institution's deposits in the WBA CSA represented 69.65 percent of its total bank deposits. E\*TRADE Bank, Bank of America, Wells Fargo, and Capital One are the bank's major competitors with respective deposit market share of 22 percent, 14 percent, 13 percent, and 12 percent. As of year-end 2017, the bank originated 41 loans totaling \$61 million, and represented 49 percent of all loans originated in that year. As of year-end 2018, management originated 79 loans totaling \$100 million in the CSA and representing the same percentage of total loans as the previous year.

As of year-end 2018, the area unemployment rate was 3.5 percent, and compared favorably to the national unemployment rate of 3.9 percent. The assessment area is home to the highest educated population and the highest income earners in the country. Approximately 90.5 percent of the CSA's population has a high school education or higher and 45.6 percent has a bachelor's degree or higher. The median housing price was \$434 thousand, and the median family income was \$113 thousand as of the same date. Approximately 6 percent of families in the CSA live below the poverty level.

The area is home to several leading biotechnology firms including United Therapeutics, The Institute for Genomic Research, and Human Genome Sciences. Additionally, some of the major defense contractors, including Northrop Grumman, Lockheed Martin, and BEA Systems Inc., are headquartered in the CSA. The largest employers are the Federal Government followed by the Washington DC Public School System with several companies tied for third place.

As part of this CRA performance evaluation, we interviewed an organization in the CSA that provides loans, equity grants, and technical support to help local partners bring a range of improvements to their Washington DC neighborhoods, including affordable housing, early learning and adult education, arts, and healthcare. In 2016, the organization launched a \$50 million Elevating Equity Initiative. The initiative is a comprehensive effort to help foster equity, inclusiveness, and an improved quality of life in the neighborhoods surrounding the future 11th Street Bridge Park development. The contact indicated that real estate appreciation, landlords' attempts to meet demand for high-end residences, and commercial developments have accelerated displacement of low-to-moderate income families in the CSA, particularly in Southeast Washington DC. The contact stated that although many of the area financial institutions are providing services to the low-to-moderate population, the need for affordable housing remains a challenge and provides those institutions with ample opportunities for greater involvement. Also, the contact identified banking immigrant populations as another opportunity for the institutions to invest in the CSA.

## **Scope of Evaluation in Virginia**

Both assessment areas (AA) will receive full scope reviews. We elected to complete a full-scope review for the Charlottesville AA because the branch in Tysons Corner did not open until 2017. As a result, the only lending activity in 2016 is located in the Charlottesville AA.

We completed a full scope review for the WBA CSA because the bank's lending focus shifted in 2017 to the Washington DC market while it resolved the formal agreement and related complications in the Charlottesville market. Refer to the table in Appendix A for a list of all AAs under review.

Both assessment areas are weighted equally. The bank's primary product in both AAs is small business loans.

## **LENDING TEST**

The bank's performance under the Lending Test in the Commonwealth of Virginia is rated satisfactory.

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

## **Distribution of Loans by Income Level of the Geography**

The bank exhibits reasonable geographic distribution of loans in the assessment areas.

### **Small Loans to Businesses**

Please refer to Table 1 in the Commonwealth of Virginia section of Appendix C for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses. Distribution of loans based on the income level of the geographies in the bank's assessment areas is reasonable. Each assessment area, both the Charlottesville AA and the WBA CSA, received a full-scope review and equal weight in the overall assessment. Our sample for this analysis included 100 loans originated in the assessment areas from January 1, 2016 through December 31, 2018. The sample included 24 loans originated in the Charlottesville AA in 2016, and 20 in 2017 and 2018. The remaining 56 loans were originated in the WBA CSA in 2017 and 2018. There were no loans in the WBA CSA AA in 2016 given that the branch in this AA opened in 2017.

### **Small Business Lending in the Charlottesville MSA AA**

Geographic distribution of loans to small businesses in the Charlottesville AA reflects a reasonable distribution.

In 2016, the bank originated more loans in low-income tracts than the percentage of businesses in those tracts with 4.2 percent of the sample loans originated in low-income tracts compared to 3.2 percent of businesses in those tracts. This also compared favorably to peer where 2.9 percent of loans were originated in low-income tracts in 2016. In 2017 and 2018, the bank did not originate any loans in low-income tracts. However, opportunities were limited with only 3.1 percent of businesses located in those tracts. Additionally, the bank made loans in those tracts in 2016 as noted above.

Lending in moderate-income tracts in the AA in 2016 totaled 8.3 percent of bank loans compared to 12.2 percent of businesses in these tracts. Peer lending in moderate-income tracts totaled 12 percent in 2016. In 2017 and 2018, bank loans in Charlottesville moderate-income tracts totaled 10 percent compared to 17.7 percent of businesses in those tracts. In both cases, the bank demonstrated lending in moderate tracts within a reasonable range of the percentage of businesses located in those tracts.

## **Small Business Lending in the Washington Baltimore Arlington CSA**

ODNB's geographic distribution of loans to small businesses in the WBA CSA reflects reasonable dispersion given the bank's small percentage of the market share and heavy competition in the AA.

The bank did not open its branch in the WBA CSA until 2017, so there is no activity in this assessment area for 2016. While the bank did not originate any loans in low-income tracts in 2017 and 2018 in this assessment area, opportunities were limited with only 4.7 percent of businesses located there. Peer lending totaled 4.1 percent in the low-income tracts in 2018. Additionally, the bank has only one office in the CSA and holds a very limited amount of the market share at 0.06 percent.

Lending in moderate-income tracts in these assessment areas was reasonable with 14.0 percent of bank loans in moderate-income tracts, which is near to the 17.7 percent of businesses located there and the 17.7 percent peer average.

## **Distribution of Loans by Income Level of the Borrower**

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

Given that the bank's primary product is small business loans, we analyzed lending to businesses of different sizes. Each assessment area received a full scope review and equal weighting in this analysis. Our sample included 100 loans originated in the assessment areas from January 1, 2016 through December 31, 2018. The sample included 24 loans originated in the Charlottesville AA in 2016 and 20 in 2017 and 2018. The remaining 56 loans were originated in the WBA CSA in 2017 and 2018. There were no loans in the WBA CSA AA in 2016 given that the branch in this AA opened in 2017.

## **Small Loans to Businesses**

Please refer to Table 2 in the Commonwealth of Virginia section of Appendix C for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

## **Small Business Lending in the Charlottesville MSA AA**

Lending to businesses of different sizes in the AA reflects a reasonable distribution of loans given the comparison to peer data and the level of competition. While the bank's performance in 2016 was near to peer average performance, it exceeded peer performance in 2017-2018.

Bank loans to businesses with revenues less than \$1 million in 2016 represented 39.2 percent of the sample for that year. This percentage is significantly lower than the percentage of these businesses in the AA at 85.2 percent. However, it is similar to peer averages, which total 46.9 percent for the year.

In 2017 and 2018, performance in the AA improved to total 60.0 percent of bank loans in the AA made to businesses with revenues of less than \$1 million compared to 84.8 percent of businesses. This 60.0 percent may be less than the percentage of businesses, but it compares favorably to peer, exceeding the average of 52.7 percent.

## **Small Business Lending in the WBA CSA**

Lending to businesses of different sizes in the AA reflects a reasonable distribution of loans given that bank performance is in the range of performance near peer averages, the bank's limited market share in the CSA, and heavy competition for loans as explained below.

ODNB did not have any activity in 2016 in this AA because they did not open the Tyson's Corner Branch until 2017. In 2017 and 2018, loans in our sample to businesses with revenues less than or equal to \$1 million totaled 41.1 percent compared to 84.7 percent of business and peer average of 55.0 percent. While the percentage of bank loans is smaller than the percentage of businesses, it is in the range of performance near the peer average.

Additionally, the bank holds a very small percentage of the market share in the CSA, 0.06 percent and faces heavy competition for loans. Management provided additional examples of loans to businesses with revenues less than \$1 million that they pursued during the review period, but lost to competing banks.

They also provided a list of several organization and events that the bank has attended that focus on small businesses in an attempt to increase small business lending.

## **Responses to Complaints**

The bank did not receive any CRA related complaints since the previous examination.

## Appendix A: Scope of Examination

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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 MSAs and non-MSAs 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.

<b>Time Period Reviewed:</b>	(1/1/16 to 12/31/18)	
<b>Bank Products Reviewed:</b>	Small Business Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Not applicable		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>Virginia</b>		
Charlottesville MSA	Full-scope	Charlottesville City and the counties of Albemarle, Fluvanna, Green, Nelson,
Washington Baltimore Arlington CSA	Full-scope	Counties of Loudoun, Montgomery, Prince George, Fairfax, Prince William, Arlington Cities of Fairfax, Manassas Park, Manassas, Alexandria, Falls Church, and Washington DC

## Appendix B: Definitions and Common Abbreviations

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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 (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.

**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 C: Tables of Performance Data

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### 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 (please 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 30<sup>th</sup> 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 1. 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 2. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

**Table 1: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2016**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Charlottesville AA	24	9,012	100	4,458	3.2	4.2	2.9	12.2	8.3	12.0	45.7	16.7	46.5	38.5	70.8	38.6
WBA CSA	0	0	0	133,649	4.7	0.0	3.9	18.6	0.0	17.9	31.6	0.0	31.6	44.7	0.0	46.4
<b>Total</b>	<b>24</b>	<b>9,012</b>	<b>100</b>	<b>138,107</b>	<b>4.6</b>	<b>4.2</b>	<b>3.9</b>	<b>18.4</b>	<b>8.3</b>	<b>17.7</b>	<b>32.2</b>	<b>16.7</b>	<b>32.1</b>	<b>44.5</b>	<b>70.8</b>	<b>46.2</b>

Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0

**Table 1: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2017-2018**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Charlottesville AA	20	5,740	7.8	4,391	3.1	0.0	4.3	17.7	10.0	18.4	39.1	55.0	38.5	39.6	35.0	38.7
WBA CSA	56	67,602	92.2	118,113	4.7	0.0	4.1	17.7	14.0	17.7	32.0	24.6	31.8	44.8	59.7	45.9
<b>Total</b>	<b>76</b>	<b>73,342</b>	<b>100.0</b>	<b>122,504</b>	<b>4.6</b>	<b>--</b>	<b>4.1</b>	<b>17.7</b>	<b>--</b>	<b>17.8</b>	<b>32.3</b>	<b>--</b>	<b>32.0</b>	<b>44.6</b>	<b>--</b>	<b>45.7</b>

Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0

**Table 2: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues 2016**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Charlottesville AA	24	9,011	100	4,458	85.2	39.2	46.9	5.0	54.6	9.8	6.2
WBA CSA	0	0	0	133,649	84.1	0	49.8	6.4	0	9.5	0
<b>Total</b>	<b>24</b>	<b>9,011</b>	<b>100</b>	<b>138,107</b>	<b>84.1</b>	<b>39.2</b>	<b>49.7</b>	<b>6.3</b>	<b>54.6</b>	<b>9.5</b>	<b>6.2</b>

Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0

**Table 2: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues 2017-18**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Charlottesville AA	20	5,740	26.3	4,391	84.8	60.0	52.7	5.1	35.0	10.1	5.0
WBA CSA	56	67,602	73.7	118,113	84.7	41.1	55.0	6.1	58.9	9.3	0.0
<b>Total</b>	<b>76</b>	<b>73,342</b>	<b>100</b>	<b>122,504</b>	<b>84.7</b>	<b>--</b>	<b>54.9</b>	<b>6.0</b>	<b>--</b>	<b>9.3</b>	<b>--</b>

Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0