



## **PUBLIC DISCLOSURE**

October 22, 2018

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

Chain Bridge Bank, National Association  
Charter Number 24755

1445-A Laughlin Avenue  
McLean, VA 22101

Office of the Comptroller of the Currency  
400 7th Street S.W.  
Washington, DC 20219

**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: This institution is rated Outstanding.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Outstanding.**

The major factors that support this rating include:

- The loan-to-deposit ratio is reasonable given the Bank's size, financial condition, and business strategy;
- The Bank originated a majority of its loans inside its assessment area (AA) during the evaluation period;
- The distribution of home mortgage loans represents reasonable distribution among borrowers of different income levels;
- The geographic distribution of home mortgage loans reflects excellent dispersion among geographies;
- The Bank provided an excellent level of community development activities given performance context factors;
- The Bank did not receive any CRA-related complaints during the evaluation period.

## 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:** 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

Chain Bridge Bank, National Association, (CBB, Bank, or Institution), is an intrastate full-service national Bank, serving the businesses and residents of McLean and surrounding Washington Metropolitan communities. CBB is wholly owned by Chain Bridge Bancorp, Inc., a one-bank holding company headquartered in McLean, Virginia.

CBB operates one full-service branch office and a deposit accepting ATM located in an upper-income census tract with no adjacent low- and moderate-income census tracts. Branch hours of operations are comparable to other local financial institutions. The Bank did not close any branch offices during the evaluation period, nor were there any mergers or acquisitions.

CBB began as a small commercial Bank with a focus on relationship banking, combining cutting-edge technology with a focus on customer service. CBB has since opened a residential mortgage division, with real estate loans representing a higher percentage of the total loan portfolio compared to commercial loans. The Bank holds the majority of its originated loans in the loan portfolio, although the mortgage division does sell some loans in the secondary market.

CBB has a relatively limited presence in its competitive AA. Based on the June 30, 2018 FDIC Summary of Deposit Market Share report, CBB's deposit market share within the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division was 0.30 percent, ranking CBB 28 out of 77 institutions in the MSA. The Bank's primary competitors are: ETRADE Bank (1 office, 17.0 percent market share), Bank of America, NA (153 offices, 14.0 percent market share), Capital One, NA (126 offices, 12.7 percent market share), Wells Fargo Bank, NA (160 offices, 11.3 percent market share), and SunTrust Bank (152 offices, 7.4 percent market share).

CBB offers a wide variety of products and services for individuals and businesses. Its retail services include checking accounts, savings accounts, money market accounts, and certificates of deposit accounts. The consumer lending products are comprised of home equity loans, home equity and executive lines of credit, auto loans, personal installment loans, overdraft protection, and home mortgage loans. Additionally, the Bank offers commercial lending, including commercial real estate lending, commercial and industrial lending, and construction lending. The Bank also offers mobile and online banking, debit cards, safe deposit boxes, Visa gift cards and Certificate of Deposit Account Registry Services (CDARS). The Bank's Internet website, <https://www.chainbridgebank.com> provides detailed information on products and services for both consumers and businesses.

As of June 30, 2018, CBB reported total assets of \$831.1 million and Tier 1 Capital of \$53.6 million. Gross loans and leases totaled \$233.0 million, representing approximately 31.9 percent of total assets. The loan portfolio is primarily comprised of 93.2 percent in real estate loans, 5.0 percent in commercial loans, and 1.6 percent in loans to individuals. Deposits sourced from the Bank's market area totaled \$780.7 million.



There are no financial or legal impediments hindering CBB's ability to help meet the credit needs of the communities it serves. CBB received a "Satisfactory" rating during its last Intermediate Small Bank (ISB) CRA evaluation dated September 29, 2015.

## **Scope of the Evaluation**

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

CBB was evaluated under the ISB examination procedures. These procedures evaluate the Bank's performance based upon a Lending Test and a Community Development Test. The Lending Test considers the Institution's performance pursuant to the following criteria: Loan-to-Deposit Ratio Analysis; Assessment Area Concentration; Geographic Distribution; Borrower Profile; and Response to Community Reinvestment Act Complaints. The Community Development Test evaluates the Bank's responsiveness to community development needs in its assessment area through community development lending, qualified investments, and services.

CBB's primary loan product based on originations and purchases during the evaluation period is home mortgage loans. The evaluation considered CBB's Home Mortgage Disclosure Act (HMDA) reportable loans from July 1, 2015 to December 31, 2017. Due to the census data changing during the evaluation period, we compared 2010 census data to the loans originated from July 1, 2015 through December 31, 2016; and 2015 American Community Survey (ACS) Census data to loans originated from January 1, 2017 through December 31, 2017. Peer data was taken from 2016 and 2017 aggregate HMDA information for HMDA reporting financial institutions that reported lending activity within the AA. For the CD Test, we evaluated the Bank's community development activities from September 29, 2015, the date of the last CRA evaluation, through December 31, 2017.

No affiliate activity was included in this analysis. Refer to the table in Appendix A for more information on the scope of review.

### **Data Integrity**

In order to ensure that CBB's record of originating home mortgage loans was accurate and reliable, we analyzed loan data CBB collected and reported in accordance with the HMDA requirements. During the data integrity examination, we evaluated CBB's processes to ensure the accuracy of collected HMDA data and tested a sample of CBB's reported HMDA loans. Specifically, we tested the accuracy of HMDA loan data by comparing it against CBB's loan file documentation. The data integrity examination revealed that CBB's publicly available HMDA loan data could be relied upon for the purposes of this CRA evaluation. Community development loans, investments and services submitted by Bank management were also verified to ensure that they met the regulatory definition for community development.

## **Selection of Areas for Full-Scope Review**

The Bank has one AA, which is located within the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division (MD) 47894, which is part of the larger Washington-Arlington-Alexandria, DC-VA-M-WV Metropolitan Statistical Area (MSA) 47900. We performed a full-scope review on this AA.

Please refer to the table in Appendix B that provides demographic data for the AA.

## **Ratings**

The Bank's overall rating is based solely on the full-scope review of its one AA.

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

Pursuant to 12 C.F.R. §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

CBB's performance under the Lending Test is rated Satisfactory. Overall, the Bank's lending activity reflects satisfactory responsiveness to the AA's credit needs when considering performance context. Each of the areas considered in the Lending Test is described below.

#### Loan-to-Deposit Ratio

CBB's quarterly average net loan-to-deposit ratio (LTD) is reasonable given the Bank's size, financial condition, performance context, and the credit needs of the AA, and it meets the standards for satisfactory performance. CBB has a significant amount of deposits that are seasonal in nature and have an impact on the Bank's LTD ratio. When adjusting for these seasonal deposits, CBB's quarterly average net LTD ratio over the twelve-quarter review period was 80.8 percent. During this twelve-quarter period, this ratio ranged from a quarterly low of 64.9 percent as of June 30, 2018, to a quarterly high of 91.7 percent as of December 31, 2015. The ratio is calculated on a Bank-wide basis. The quarterly average net LTD ratio for a custom peer group of three similarly situated banks was 91.9 percent over the same period. The custom peer group's ratio ranged from a quarterly low of 80.8 percent to a quarterly high of 99.4 percent during that time period.

#### Lending in Assessment Area

CBB originated a majority of its home mortgage loans, by number and dollar volume within its delineated AA during the evaluation period, and meets the standard for satisfactory performance. In total, the Bank originated 226 HMDA-reportable loans totaling \$120.7 million over the evaluation period. Of the 226 originations, 60.2 percent were originated within the Bank's AA. Analysis is limited to Bank only originations and purchases. Refer to the following table for more information:

<b>Table D - Lending Inside and Outside of the Assessment Area</b>										
Home Mortgage Loans	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
2015	21	61.8	13	38.2	34	10,240	63.2	5,969	36.8	16,209
2016	67	63.8	38	36.2	105	36,454	64.9	19,686	35.1	56,140
2017	48	55.2	39	44.8	87	25,969	53.7	22,383	46.3	48,352
<b>Subtotal</b>	<b>136</b>	<b>60.2</b>	<b>90</b>	<b>39.8</b>	<b>226</b>	<b>72,663</b>	<b>60.2</b>	<b>48,038</b>	<b>39.8</b>	<b>120,701</b>

*Source: Evaluation Period: 7/1/2015 - 12/31/2017 Bank Data  
Due to rounding, totals may not equal 100.0*

## **Lending to Borrowers of Different Incomes**

Refer to Table P in Appendix C for the facts and data used to evaluate the borrower distribution of the Bank's home mortgage loan originations and purchases.

The Bank's overall distribution of home mortgage loans to borrowers of different income levels reflects reasonable penetration in the AA and meets the standard for satisfactory performance. The analysis took into consideration the limited opportunities to lend to low-income families given the cost of housing compared to low median family income and the level of households below the poverty level. We also considered the significant market competition from local lenders, large national banks, and mortgage companies. To demonstrate the level of competition, in 2017, 579 lenders reported 62,523 home mortgage loans totaling \$28.8 billion within the Bank's AA. CBB was ranked 143<sup>rd</sup> in mortgage lending with a market share of just 0.8 percent.

In 2015 and 2016, the percent of home mortgage loans made to low-income borrowers was slightly below the percent of aggregate lending data, but was significantly below the percent of low-income families in the AA. However, the 2010 U.S. Census Data indicates that nearly 3.5 percent of families within the assessment area have incomes below the poverty level and may find it difficult to qualify for a home loan. When this statistic is considered, the Bank's record of lending to low-income borrowers appears more in line with aggregate lending. The percent of home mortgage loans made to moderate-income borrowers was somewhat below both the percent of aggregate lending data and the percent of moderate-income families in the AA. CBB originated 2.3 percent of home mortgage loans to low-income borrowers and 10.2 percent to moderate-income borrowers. Aggregate percentages of loans to low- and moderate-income borrowers equaled 3.6 percent and 12.0 percent, respectively, which is reasonably consistent with the Bank's percentages.

In 2017, the Bank did not originate or purchase any home mortgage loans to low-income borrowers. According to the 2015 ACS Census, 4.2 percent of families in the AA have incomes below the poverty level and would have difficulty qualifying for home financing. The distribution of home mortgage loans to moderate-income borrowers reflects excellent penetration. The percentage of mortgage lending to moderate-income borrowers was substantially higher than both the assessment area demographics and the average of all HMDA-reporting lenders. CBB originated 16.7 percent of home mortgage loans to moderate-income borrowers compared to 13.6 of moderate-income families residing in the AA. The 2017 aggregate data shows that 14.6 percent of home mortgage loans in the AA were made to moderate-income borrowers.

## **Geographic Distribution of Loans**

Refer to Table O in Appendix C for the facts and data used to evaluate the geographic distribution of the Bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans reflects excellent penetration throughout the census tracts of different income levels, and CBB's performance exceeds the standard for satisfactory performance. We did not identify any unexplained conspicuous gaps. Our analysis took into consideration the limited opportunities to lend to low-income geographies given the relatively low level of owner-occupied housing units (OOHUs) in low-income geographies; the significant market competition from local lenders; large national banks, and mortgage companies; and the location of the Bank. The Bank operates only one branch which is located in an upper-income geography which is surrounded by middle and upper-income tracts.

In 2015 and 2016, CBB's percentage of home mortgage lending in both low- and moderate-income geographies exceeded the percentage of lending by other HMDA-reporting lenders as well as the percentage of OOHUs in the respective geographies. Overall, CBB's lending within low- and moderate-income geographies represented 23.8 percent of assessment area lending, which is much higher than the aggregate lending benchmark of 10.2 percent and the demographic benchmark of 9.6 percent. According to the 2010 U.S. Census data, only 1.9 percent of the AA's OOHUs are in the low-income geographies. This exhibited excellent performance.

In 2017, CBB did not originate any home mortgage loans in low-income geographies; however, according to the 2015 ACS Census data, only 1.3 percent of the housing units in the low-income geographies are owner-occupied, limiting the opportunities for home mortgage loans in the AA. The percentage of home mortgage loans originated in moderate-income geographies was below both the percentage of OOHU and the aggregate data. CBB originated 2.1 percent of home mortgage loans in moderate-income geographies. The aggregate originated 6.9 percent home mortgage loans in moderate-income tracts, while 5.9 percent of the AA OOHUs were located within the Bank's moderate-income geographies. The 2017 census tract reclassifications affected how lending was allocated within the low- and moderate-income geographies.

## **Responses to Complaints**

There were no consumer complaints regarding the Bank's CRA performance or complaints indicating illegal or discriminatory lending practices during the evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

CBB's performance under the Community Development Test is rated Outstanding. The Bank's CD performance demonstrates excellent responsiveness to the CD needs of its AA, when considering the Bank's capacity and its performance context. The majority of CBB's community development lending and qualified investment activity targets community services and affordable housing.

## **Number and Amount of Community Development Loans**

CBB demonstrated excellent responsiveness to the community development needs of the AA through community development loans. During the evaluation period, the Bank originated fourteen (14) qualifying community development loans totaling \$5.8 million in its AA. Of the Bank's total community development loans, approximately 36.1 percent were targeted to affordable housing initiatives, which is a primary need of the AA as identified through communications with community contacts. The remaining community development loans supported community services, economic development, and stabilization efforts for an underserved middle-income nonmetropolitan area.

Below are notable examples of the CBB's community development loans:

- During 2015 and 2017, the Bank renewed or modified six (6) community development loans and lines of credit totaling \$1.3 million to a community development organization whose mission is to provide affordable housing opportunities to low- and moderate-income households in Northern Virginia.
- In 2017, the Bank originated a \$3.0 million loan to refinance a retail grocery store that acts as an anchor for other retail establishments. The lending activity promotes economic development by financing small business and creating jobs in an effort to revitalize/stabilize distressed and underserved middle-income geographies.
- In 2017, the Bank originated a \$500,000 line of credit to a local nonprofit community organization whose mission is to help children and adults lift themselves out of poverty. The organization provides furniture, clothing and job training to low-income families in the Washington DC area.

## **Number and Amount of Qualified Investments**

The Bank's level of CD investments and charitable donations is outstanding considering the Bank's capacity, significant market competition, and the availability of community development opportunities. The Bank's investments in the AA included government sponsored mortgage-backed securities, where the underlying mortgages were to low- and moderate-income borrowers and affordable housing in the AA.

During the evaluation period the Bank's qualified investments and donations totaled \$8.6 million. Qualified equity investments include five (5) new investments totaling \$2.5 million and nine (9) prior period investments with a total current book value of approximately \$6.0 million. Of the five new equity investments, nearly \$1.0 million were made outside the Bank's AA, but in the broader regional area that includes the Bank's AA. CBB is able to receive credit for qualified investments made outside of its AA because the Bank has adequately addressed the community development needs within its AA. The investments demonstrate the Bank's responsiveness to affordable housing initiatives, which is an

identified community development need in the AA.

Listed below are notable examples of the CBB's CD investments:

- The Bank maintains a CRA Qualified Investment Fund in the amount of \$500,000, which is comprised of various Ginnie Mae (GNMA) security pools. The investment is secured by an affordable rental property for low-income families in Fairfax County, Virginia. All of the units receive section 8 assistance.
- The Bank holds \$4.5 million in the Virginia Housing Development Authority (VHDA) bonds. The VHDA promotes affordable housing by financing single- and multi-family mortgages for low- and moderate-income individuals in the Commonwealth of Virginia. Bond proceeds are used to finance single family and multifamily mortgages throughout Virginia, including the Bank's AA.
- The Bank holds a total of \$503,223 deposits in two community development financial institutions (CDFIs). CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. Both CDFIs serve the greater region which includes the Bank's AA.

In addition to the activities described above, the Bank has made 30 qualified donations totaling approximately \$24,425 to thirteen (13) community development organizations within the Bank's AA. The recipients of these donations promote community development projects and programs involving affordable housing, small business development, child care, credit counseling and supportive services in northern Virginia.

Some of the organizations receiving contributions include:

- A community organization that provides affordable housing opportunities to limited-income individual and families throughout northern Virginia.
- A charitable nonprofit organization whose mission is to help children and adults lift themselves out of poverty. The organization provides basic need items to individuals and families transitioning out of homelessness, fleeing domestic abuse, or otherwise living without life's necessities.
- A community-based nonprofit organization that provides crisis intervention, safe housing, and supportive services to homeless families and victims of domestic violence in Fairfax County, Virginia.
- A nonprofit organization devoted to delivering affordable homes in partnership with families in need. Funds are used to build homes and make essential home repairs for low- and moderate-income residents.
- A local nonprofit organization that provides housing-related services to low and moderate-income families struggling to hold on to their homes. The organization



also provides housing counseling, financial literacy training, and homeless prevention services to communities throughout northern Virginia.

- A local nonprofit organization that helps homeless families to rebuild their lives by offering subsidized transitional housing and support services aimed at helping families become self-sufficient.
- A nonprofit community development organization that supports economic development in underserved communities in the Washington, DC metropolitan area by providing access to capital and technical assistance.
- A nonprofit organization that provides direct services to child victims of sexual abuse and severe physical abuse in Fairfax County, Virginia.

### **Extent to Which the Bank Provides Community Development Services**

CBB provided a significant number of community development services in its AA. During the evaluation period, Bank employees provided 331 hours of financial expertise or technical assistance to 17 different community development-related organizations in its AA.

Below are highlights of CBB's community development services:

- An employee serves as a board member of a local community service organization that provides crisis intervention, affordable housing, and supportive services to homeless families and victims of domestic violence.
- An employee provided credit counseling services to low- and moderate-income families and individuals on behalf of a community service organization which provides affordable housing opportunities.
- An employee provided financial consulting services to the board of a community development organization which has the mission to permanently transition families and individuals out of homelessness. The employee also provided training on finances to low- and moderate-income clients interested in owning small businesses.

In addition, CBB offers a variety of special credit programs that are designed to help meet the credit needs of low- and moderate-income borrowers and small businesses in its community. Many of these loan programs are available through partnerships with local and state government agencies. Examples of notable loan programs in which the Bank participates in are summarized below:

## **U.S. Small Business Administration (SBA) Loan Programs**

CBB is an approved SBA lender and participates in the SBA 7(a) and SBA Express loan programs. These programs allow flexible underwriting for borrowers that generally would not qualify under traditional underwriting criteria. The SBA 7(a) Program provides funds for working capital, equipment purchases, and inventory financing needs of small businesses. SBA Express Loan Program provides a streamlined approval process enabling faster approval turnaround times and easy-to-use lines of credit. During the evaluation period, the Bank originated five (5) loans totaling \$330,000 under these programs.

## **FHLBA Affordable Housing Grant Program**

CBB participated in the Federal Home Loan Bank of Atlanta (FHLB) affordable housing program, which provides down payment and closing cost assistance to homebuyers at or below 80 percent of the area median family income. During the evaluation period, CBB originated three (3) HMDA-reportable loans to first-time homebuyers who received \$15,000 in FHLB down payment assistance.

## **Arlington County Affordable Housing Program**

During the evaluation period, CBB developed an internal program to help low- and moderate-income borrowers to purchase affordable dwelling units (ADUs) in Arlington County, Virginia. ADUs are sold at below market prices and eligible buyers are selected from the notification list at random and given the opportunity to buy these properties. ADUs are encumbered with a deed restriction which requires the owner of the home to resell the home to another borrower who meets the income restrictions as outlined in the deed. This deed encumbrance makes the properties ineligible for FHA, VHDA, Fannie Mae and Freddie Mac financing. Typical income limitations are in the range of 60 to 80 percent of the area median income. During the evaluation period, CBB created three (3) different loan programs to finance the ADUs with restrictive covenants. In addition to creating these loan programs, CBB participated in the Moderate Income Purchase Assistance Program (MIPAP) assistance program, which is a component of the ADU program. The MIPAP program provides eligible first-time homebuyer financial assistance with down payment and closing cost expenses through a second trust mortgage to purchase a home in Arlington, Virginia. To qualify, total household income cannot exceed the HUD Metropolitan area moderate income limits according to family size. The loan programs created by CBB allow for a minimum down payment of 3 percent and require no mortgage insurance. CBB is the only lender willing to lend on ADUs with income limiting deed restrictions. During the evaluation period, CBB originated eleven (11) loans totaling approximately \$3.1 million under this program. Loans originated under these programs are included in the Bank's home mortgage loans.

### **Arlington Housing Corporation Inc.**

During the evaluation period, CBB entered into an agreement to facilitate the origination of mortgage loans for Arlington Housing Corporation Inc. (AHC Inc.) and its affiliate, Greater Baltimore AHC, Inc. (GBAHC). AHC Inc. is a not-for-profit developer of affordable housing for low- and moderate-income families in the Washington-Baltimore metro region. AHC Inc. did not have the infrastructure to originate and process the loans, therefore, CBB volunteered to assist the organization in originating and processing the loans at no cost to AHC Inc. and GBAHC. CBB configured its loan processing software and processed three (3) loans according to CBB's normal underwriting procedures on behalf of these organizations. The final credit decision and the loan approval was made by AHC Inc., and the purchase money financing was provided by GBAHC. After the loan closing CBB lenders stayed in touch with AHC's clients and assisted the borrowers with issues concerning the payment of taxes and insurance on their homes.

### **Responsiveness to Community Development Needs**

CBB's CD activities, as a whole, demonstrate excellent responsiveness to the needs of the AA considering the Bank's performance context during the evaluation period. CBB has effectively responded to CD needs of the AA through CD lending, investments, and services, which are reflective of outstanding performance.

## 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”).

<b>Time Period Reviewed</b>	Lending Test: (07/01/2015 to 12/31/2017) Investment Tests: (09/29/2015 to 12/31/2017)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Chain Bridge Bank, National Association (CBB, Bank, Institution) McLean, Virginia.	Residential Loans Community Development Loans, Investments, and Services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None Reviewed		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Washington-Arlington-Alexandria, DC-VA-MD 47894	Full-Scope	Portion of the Washington-Arlington-Alexandria, DC-VA-MD (MD 47894) comprised of: <ul style="list-style-type: none"> <li>➤ <i>Arlington &amp; Fairfax counties, Virginia;</i></li> <li>➤ <i>Fairfax &amp; Falls Church cities, Virginia</i></li> </ul>

## Appendix B: Community Profiles for Full-Scope Areas

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	325	3.1	8.9	36.0	50.5	1.5
Population by Geography	1,389,377	3.9	9.4	36.7	50.1	0.0
Housing Units by Geography	533,787	3.4	9.5	37.8	49.3	0.0
Owner-Occupied Units by Geography	318,346	1.3	5.9	33.7	59.2	0.0
Occupied Rental Units by Geography	186,083	6.8	15.5	44.3	33.3	0.0
Vacant Units by Geography	29,358	3.8	11.0	40.9	44.3	0.0
Businesses by Geography	123,565	1.5	5.7	38.7	54.0	0.1
Farms by Geography	1,424	1.8	4.4	37.9	55.8	0.2
Family Distribution by Income Level	334,848	16.2	13.6	19.0	51.3	0.0
Household Distribution by Income Level	504,429	16.6	13.7	18.4	51.3	0.0
Median Family Income MSA - 47894 Washington-Arlington-Alexandria, DC- VA-MD-WV MD		\$106,762	Median Housing Value			\$512,900
			Median Gross Rent			\$1,791
			Families Below Poverty Level			4.2%

Source: 2015 ACS Census and 2017 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.

CBB has one AA, which is located within the Washington-Arlington-Alexandria, DC-VA-MD-WV MD 47894, which is part of the larger Washington-Arlington-Alexandria, DC-VA-M-WV MSA 47900. The AA includes all census tracts in Arlington County, Fairfax County, Fairfax City, and Falls Church in Virginia. The AA consists of whole geographies and does not arbitrarily exclude any low- or moderate-income geographies.

The Bank's AA has not changed since the previous evaluation, however, the income designation of some census tract changed in 2017 as a result of updated 2015 ACS census data. With the ACS Census change, the number of low-income tracts decreased by three, moderate-income tracts decreased by eleven, middle-income tracts increased by one, and upper-income tracts increased by nine. Based on the 2015 ACS Census data, the AA consists of 325 census tracts of which 3.1 percent are low-income, 8.9 percent are moderate- income, 36.0 percent middle-income, 50.5 percent are upper-income, and 1.5 percent have not been assigned an income classification. A majority of the census tracts in the AA are upper-income tracts. There are no distressed, underserved, or designated disaster areas within the AA.

The 2016 and 2017 FFIEC-estimated median family income levels were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle- and upper-income categories for each year.

**Table B – Median Family Income Ranges**

Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>Washington-Arlington-Alexandria, DC-VA-MD-WV MD Median Family Income (47894)</b>				
2016 (\$105,700)	<\$52,850	\$52,850 to <\$84,560	\$84,560 to <\$126,840	≥\$126,840
2017 (\$107,600)	<\$53,800	\$53,800 to <\$86,080	\$86,080 to <\$129,120	≥\$129,120
<i>Source: FFIEC Due to rounding, totals may not equal 100.0</i>				

According to the Bureau of Labor Statistics, the July 31, 2018 unemployment rate for Washington-Arlington-Alexandria, DC-VA-MD-WV MSA was 3.7 percent. As of the same date, the unemployment rate for the State of Virginia was 3.1 percent and the national unemployment rate was 3.9 percent.

According to Moody’s Analytics August 2018 report, the strengths of the Washington-Arlington-Alexandria, DC-VA-MD-WV are high per capita income and educated workforce, major center for information technology and popular tourist destination. Among the area’s weaknesses are Above-average living costs, high direct and indirect exposure to federal government, high business and regulatory costs and deteriorating subway system. According to Moody’s Analytics, Washington-Arlington- Alexandria’s economy is regaining momentum. The pace of job gains is picking back up, and year-ago growth is beating the national average for the first time in a year. Washington-Arlington-Alexandria’s economy will perform on par with the nation in coming quarters.

As part of our analysis, we considered information from a community contact with a local nonprofit organization. The contact stated that there is an immediate need for affordable rental housing in the area. In addition, a number of other needs have been identified including assistance for programs focused on employment readiness for youth; support for programs that help build English proficiency for non-English speakers; support to help very low-income households meet basic living needs (food, housing, utilities); affordable child care; and support for multi-cultural youth and parent programs.

## 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 areas 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 loans are treated as originations/purchases; (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/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. Tables are identified by both letters and numbers, which results from how they are generated in supervisory analytical systems.

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 MA/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 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) throughout those geographies. Because 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.

*(Not included)*

**Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of

small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. The table also presents aggregate peer data for the years the data is available.

*(Not included)*

**Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

*(Not included)*

**Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. The table also presents aggregate peer data for the years the data is available.

*(Not included)*

**Table U. Assessment Area Distribution of Consumer 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 households throughout those geographies.

*(Not included)*

**Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - 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 households by income level in each MA/assessment area.

*(Not included)*



Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2015 -2016	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
2015 -2016	88	46,694	100.0	60,812	15.1	2.3	3.6	13.9	10.2	12.0	19.1	11.4	19.9	51.9	63.6	45.7	0.0	12.5	18.8	
<b>Total</b>	<b>88</b>	<b>46,694</b>	<b>100.0</b>	<b>60,812</b>	<b>15.1</b>	<b>2.3</b>	<b>3.6</b>	<b>13.9</b>	<b>10.2</b>	<b>12.0</b>	<b>19.1</b>	<b>11.4</b>	<b>19.9</b>	<b>51.9</b>	<b>63.6</b>	<b>45.7</b>	<b>0.0</b>	<b>12.5</b>	<b>18.8</b>	

Source: 2010 U.S Census; 07/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
2017	48	25,969	100.0	44,389	16.2	0.0	4.1	13.6	16.7	14.6	19.0	8.3	21.4	51.3	60.4	47.5	0.0	14.6	12.4	
<b>Total</b>	<b>48</b>	<b>25,969</b>	<b>100.0</b>	<b>44,389</b>	<b>16.2</b>	<b>0.0</b>	<b>4.1</b>	<b>13.6</b>	<b>16.7</b>	<b>14.6</b>	<b>19.0</b>	<b>8.3</b>	<b>21.4</b>	<b>51.3</b>	<b>60.4</b>	<b>47.5</b>	<b>0.0</b>	<b>14.6</b>	<b>12.4</b>	

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2015 - 2016		
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts							
	#	\$	% 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		
2015 -2016	88	46,694	100.0	60,812	1.8	4.5	1.8	7.8	19.3	8.4	35.4	13.6	36.2	55.0	62.5	53.6	0.0	0.0	0.0		
<b>Total</b>	<b>88</b>	<b>46,694</b>	<b>100.0</b>	<b>60,812</b>	<b>1.8</b>	<b>4.5</b>	<b>1.8</b>	<b>7.8</b>	<b>19.3</b>	<b>8.4</b>	<b>35.4</b>	<b>13.6</b>	<b>36.2</b>	<b>55.0</b>	<b>62.5</b>	<b>53.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		

Source: 2010 U.S Census; 07/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017		
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	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		
2017	48	25,969	100.0	44,389	1.3	0.0	1.5	5.9	2.1	6.3	33.7	37.5	36.9	59.2	60.4	55.3	0.0	0.0	0.0		
<b>Total</b>	<b>48</b>	<b>25,969</b>	<b>100.0</b>	<b>44,389</b>	<b>1.3</b>	<b>0.0</b>	<b>1.5</b>	<b>5.9</b>	<b>2.1</b>	<b>6.3</b>	<b>33.7</b>	<b>37.5</b>	<b>36.9</b>	<b>59.2</b>	<b>60.4</b>	<b>55.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0