



**PUBLIC DISCLOSURE**

August 25, 2025

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Powell Valley National Bank  
Charter Number: 9924

33785 Main Street  
Jonesville, Virginia 24263

Office of the Comptroller of the Currency

4419 Pheasant Ridge Road, Suite 300  
Roanoke, Virginia 24014

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

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## Overall CRA Rating

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

**The Lending Test is rated:** Satisfactory

**The Community Development Test is rated:** Satisfactory

The major factors that support this rating include:

- The Lending Test rating for Powell Valley National Bank (PVNB, bank, or institution) is based on the ratings of the Kingsport-Bristol, TN-VA Multistate Metropolitan Statistical Area (MMSA), and the state of Virginia. The rating for the state of Virginia was given more weight as it holds a greater percentage of deposits and loans for the evaluation period.
- The loan-to-deposit (LTD) ratio was reasonable considering the bank's size, financial condition, and credit needs in its assessment areas (AAs).
- A majority of loans were originated inside the AAs.
- The bank exhibited an excellent geographic distribution of loans in its AAs.
- The bank exhibited a reasonable borrower distribution of loans to borrowers of different income levels in its AAs.
- The Community Development (CD) Test rating is based on the bank's CD activities in the Kingsport-Bristol, TN-VA MMSA and the state of Virginia.
- The bank demonstrated an adequate responsiveness to community development needs in lending, investments, donations, and services in its AAs.

### Loan-to-Deposit Ratio

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

The LTD ratio was calculated on a bank wide basis. The bank's average quarterly LTD ratio for 11 consecutive quarters was 77.4 percent. This was above the average quarterly LTD ratio of 63.9 percent for similar asset-sized institutions in the AAs. The bank's average quarterly LTD ratios ranged from a high of 84.8 percent to a low of 69.3 percent. The average quarterly LTD ratios for similar asset-sized banks ranged from a high of 77.9 percent to a low of 53.3 percent.

### Lending in Assessment Area

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

The bank originated and purchased 80.6 percent of its total loans inside the bank's AAs during the evaluation period. This analysis was performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. The percentage of lending inside the AA had a positive impact on the OCC's analysis of the geographic distribution of loans. The table below details the lending activity within the AAs.

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	377	80.56	91	19.44	468	65,614	71.70	25,898	28.30	91,512
<b>Total</b>	<b>377</b>	<b>80.56</b>	<b>91</b>	<b>19.44</b>	<b>468</b>	<b>65,614</b>	<b>71.70</b>	<b>25,898</b>	<b>28.30</b>	<b>91,512</b>

*Source: 1/1/2022 - 12/31/2024 Bank Data.  
Due to rounding, totals may not equal 100.0%*

## Description of Institution

PVNB is an interstate community bank, headquartered in Jonesville, Virginia. PVNB was established in 1888 and is a wholly owned subsidiary of Powell Valley Bankshares, Inc., also located in Jonesville, Virginia. There are seven full-service branches, four in the Southwestern Virginia Non-MSA AA (SW VA Non-MSA), and three in the Kingsport-Bristol, TN-VA MMSA AA (Kingsport MMSA). The bank has not opened or closed any branches since the previous CRA Evaluation. There were no merger or acquisition activities during the evaluation period.

There are two rating areas: the Kingsport-Bristol, TN-VA MMSA and the State of Virginia. There are two AAs within the two rating areas. The Kingsport MMSA includes all of Scott and Washington counties, and the city of Bristol in Virginia, and Sullivan County, Tennessee. The SW VA Non-MSA includes all of Lee and Wise counties, and the independent City of Norton in Virginia.

PVNB is a traditional, full-service community bank. It offers a variety of deposit and loan products to meet consumer and commercial banking needs. Banking services include online banking with free bill pay, Popmoney, MobiMoney, mobile banking, and free credit reports. Each full-service office has a drive-thru, lobby, and a proprietary automated teller machine (ATM). Drive-thru locations offer limited banking, which consists primarily of loan payments, deposits, and withdrawals. Hours of operation are reasonable and consistent between all office locations. The same products and services are offered at each branch.

PVNB's Consolidated Report of Condition and Income (Call Report), as of December 31, 2024, reported total assets of \$493.2 million, total deposits of \$445.6 million, and tier one capital of \$46.2 million. The bank's loan portfolio totaled \$368.1 million, representing 74.6 percent of total assets. The loan portfolio consisted of home mortgage loans of 39.3 percent, nonfarm, nonresidential loans of 26.1 percent, construction and land development loans of 10.4 percent, commercial and industrial loans of 6.0 percent, multifamily residential loans of 5.7 percent, consumer loans of 2.9 percent, farm loans of 2.2 percent, and other loans of 7.3 percent.

There are no legal, financial, or other factors, impeding the bank's ability to help meet the credit needs in its AAs. The bank received a Satisfactory rating at its last CRA Performance Evaluation (PE) dated August 22, 2022.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The OCC evaluated the bank using Intermediate Small Bank CRA Evaluation Procedures, which includes a Lending Test and a CD Test. The Lending Test evaluates the record of meeting the credit needs of its AAs through its lending activities. The CD Test evaluates the institution's responsiveness to CD needs in

its AAs through CD lending, services, and qualified investments. The evaluation period under the Lending Test and CD Test covers the institution's performance from January 1, 2022, to December 31, 2024. For this evaluation, we analyzed home mortgage loans the bank reported under the Home Mortgage Disclosure Act (HMDA).

Due to updated American Community Survey (ACS) 2020 Census data, 2020 census tract income level designation changes became effective January 1, 2022. Examiners evaluated PVNB's loan data against the applicable demographic data for each period, resulting in multiple analyses and presentation of data. Examiners analyzed home mortgage lending performance from January 1, 2022, through December 31, 2024, using 2020 U.S. Census Demographic information.

During the evaluation period, Metropolitan Statistical Area (MSA) boundary changes, effective July 21, 2023, by the United States Office of Management and Budget (OMB) resulted in the need for additional analysis for some AAs under the Lending Test. Both the geographic and borrower income distribution criteria for those AAs affected by the OMB changes received separate analyses based on 2024 data and the data are presented separately in the tables. The bank's AAs were not affected by OMB changes.

Small loans to businesses, small farm loans, and multi-family loans were not a primary loan product for this evaluation period because the bank originated a minimal number of these loans. Therefore, we did not complete a loan sample of these products for analysis.

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

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA), if applicable are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

### **Ratings**

The bank's overall rating is a blend of the state ratings, and where applicable, multistate ratings.

The MMSA rating and state ratings in rating areas with a single AA are based on performance in that AA. The MMSA and state ratings in rating areas with multiple AAs are based on the weighted-average conclusions in those AAs. Refer to the "Scope" section under each state and MMSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

The bank's overall rating is a blend of the state rating of Virginia, and the multistate rating of the Kingsport-Bristol, TN-VA MMSA. The OCC placed more weight on the rating for the state of Virginia, as it holds a greater percentage of deposits and loans for the evaluation period.

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

Pursuant to 12 CFR 25.28(c) (March 29, 2024) in determining a national banks or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution's lending performance) 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.

## Multistate Metropolitan Statistical Area Rating

### Kingsport-Bristol, TN-VA MMSA

**CRA rating for the Kingsport-Bristol, TN-VA MMSA**<sup>1</sup>: Satisfactory

**The Lending Test is rated:** Satisfactory

**The Community Development Test is rated:** Needs to Improve

The major factors that support this rating include:

- The bank exhibited excellent geographic distribution of loans in the MMSA.
- The bank exhibited a poor distribution of loans to individuals of different income levels.
- CD activities, including CD services, reflected a poor responsiveness to the CD needs of the MMSA.

### Description of Institution's Operations in Kingsport MMSA

The Kingsport MMSA is comprised of Scott and Washington Counties, and the City of Bristol in the state of Virginia, and Sullivan County in the state of Tennessee. There are 66 census tracts (CTs) in the AA, that consists of two low-income, 11 moderate-income, 39 middle-income, and 14 upper-income. The AA meets the regulatory requirements and does not arbitrarily exclude low- and moderate-income geographies. Refer to appendix A, Scope of Examination, for a list of all bank AAs.

The bank operated three branches with drive-thru facilities and an ATM within the AA. These are located in Duffield and Abingdon, Virginia, and Kingsport, Tennessee. According to the FDIC Summary of Deposits-Branch Office Deposits Report as of June 30, 2024, deposits for the AA were \$144.8 million, or 34.3 percent of total bank deposits. PVNB originated 53.1 percent of total home mortgage loans in the AA during the evaluation period.

According to the FDIC Deposit Market Share Report as of June 30, 2024, there are 22 banking institutions in the AA. The top three banks and their deposit market share were The First Bank and Trust Company with 22.4 percent, First Horizon Bank with 13.1 percent, and Bank of Tennessee with 12.9 percent. PVNB ranked 10<sup>th</sup> with a deposit market share of 3.3 percent.

Based on the 2023 HMDA Market Share Report, there are 346 lending institutions within the AA competing for mortgage applications. The top three institutions and their market share in the AA were Eastman Credit Union with 26.3 percent, Rocket Mortgage with 5.2 percent, and The First Bank & Trust Company with 4.7 percent. PVNB ranked 28<sup>th</sup> with a market share of 0.76 percent.

### Economic and Employment Factors

The unemployment rate remains lower than the national average. According to the Bureau of Labor Statistics, the unemployment rates in the Kingsport MMSA averaged 3.5, 3.4, and 3.6 percent for 2022, 2023, and 2024, respectively. These unemployment rates were slightly higher than those of the state of Virginia, with reported averages of 2.7, 2.7, and 2.9 percent for the same periods. The AA's

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<sup>1</sup> MMSA ratings reflect performance within the multistate metropolitan statistical area. Statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

unemployment rates were more in-line with those of the state of Tennessee, with reported averages of 3.4, 3.2, and 3.4 percent, for the same years. The national averages for the same years were reported as 3.6, 3.6, and 4.0 percent.

According to Moody's Analytics Report as of December 2024, Manufacturing, Retail Trade, and Education and Health Services are the top three employment industries in the AA. The primary strengths of the AA include low business costs, a low cost of living in comparison to the national average, and positive net migration. Factories account for twice the share of jobs in the AA as they do nationally, and chemical production alone represents nearly half of those positions. The manufacturing sector in this area is facing headwinds as tariffs come into play, demand grows sluggish, and economic and geopolitical uncertainty rises. The three top employers in the AA are Eastman Chemical, Ballad Health, and Pinnacle.

## **Housing**

The Kingsport MMSA provides limited opportunity to lend to low- and moderate-income geographies within the AA. There are only two low-income CTs and 11 moderate-income CTs, out of a total of 66 CTs. The majority of CTs (80.3 percent) are in middle- and upper-income geographies. Housing units within the low- and moderate-income geographies remain low compared to middle- and upper-income geographies. There are 122,191 total housing units in the AA, of which 62.5 percent are owner-occupied, 23.4 percent are rental occupied, and 14.1 percent are vacant housing units. Housing units in low-income geographies represents 2.2 percent and moderate-income geographies represent 16.3 percent of total housing units in the AA, compared to 60.8 percent and 20.8 percent in middle- and upper-income geographies, respectively.

In the performance context, the OCC evaluated the disparity between the median income of families within the AA and the cost of housing. Based on the information in the Demographic table for 2022-2024, low-income families earned less than \$35,150, and moderate-income families earned at least \$35,150 and less than \$56,240, based on the FFIEC Census updated for 2024.

One method to determine housing affordability assumes a maximum affordable monthly principal and interest payment of no more than 30 percent of the applicant's income. Assuming a 30-year mortgage with a six percent interest rate, and not accounting for down payment, homeowners insurance, real estate taxes, or any additional monthly expenses, a low-income borrower could afford a \$146,568 mortgage with a payment of \$879 per month. A moderate-income borrower could afford a \$234,509 mortgage with a payment of \$1,406 per month. The median housing value in the AA was \$249,900 and \$299,900 in 2022 and 2024 reflecting a percent change of 20.01 percent from 2022 to 2024 according to Realtor.com data. This illustrates that low-income borrowers would be challenged to qualify for a mortgage loan in the AA with an estimated payment of \$1,610.

## **Community Contact**

The OCC obtained a community contact form completed by the FDIC for a state-chartered bank in the AA. The contact was a representative of a small business development organization, located in Kingsport, Tennessee. This organization is a technical assistance provider helping in forming a business, how to write business plans, business review plans, developing existing and new business, and planning for succession. The contact stated that the biggest challenge is the un-bankable clients and that banks do a good job, overall, in helping to educate these clients. The contact stated that local banks are very engaged in helping meet the community development needs of the community.

Assessment Area(s) - Kingsport-Bristol, TN-VA MMSA						
2022 - 2024						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	66	3.03	16.67	59.09	21.21	0.00
Population by Geography	250,893	1.95	15.18	61.36	21.51	0.00
Housing Units by Geography	122,191	2.23	16.26	60.74	20.77	0.00
Owner-Occupied Housing by Geography	76,409	0.78	11.54	63.59	24.08	0.00
Occupied Rental Units by Geography	28,532	5.87	25.40	53.46	15.27	0.00
Vacant Units by Geography	17,250	2.62	22.02	60.17	15.19	0.00
Businesses by Geography	8,336	6.66	12.58	56.84	23.92	0.00
Farms by Geography	418	1.20	7.89	70.10	20.81	0.00
Family Distribution by Income Level	67,100	20.84	17.67	20.17	41.32	0.00
Household Distribution by Income Level	104,941	22.91	16.61	17.77	42.71	0.00
Unemployment rate (%)	5.79	7.76	9.54	5.44	4.36	0.00
Households Below Poverty Level (%)	15.21	42.03	22.92	14.87	8.04	0.00
Median Family Income (28700 - Kingsport-Bristol, TN-VA MSA)		\$60,792			Median Housing Value	\$134,150
Median Family Income (28700 - Kingsport-Bristol, TN-VA MSA) for 2024		\$70,300			Median Gross Rent	\$680
					Families Below Poverty Level	11.05
FFIEC File - 2020 Census FFIEC File - 2024 Census 2024 Dun & Bradstreet SBSF Demographics Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification						

## Scope of Evaluation in Kingsport MMSA

The OCC performed a full-scope review of the Kingsport MMSA. The OCC placed more weight on lending in moderate-income geographies due to the limited number of low-income geographies.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN KINGSFORT MMSA

### LENDING TEST

The bank’s performance under the Lending Test in the Kingsport MMSA is rated Satisfactory.

### Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank’s performance in the Kingsport MMSA was reasonable.

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

The bank exhibited excellent geographic distribution of loans in the MMSA.

### ***Home Mortgage Loans***

Refer to Table 7 in the MMSA section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The percentage of loans to borrowers in the low-income tracts exceeded the percentage of owner-occupied housing units and exceeded the aggregate percentage of all reporting lenders. The percentage of loans to borrowers in the moderate-income tracts exceeded the percentage of owner-occupied housing units and exceeded the aggregate percentage of all reporting lenders.

### ***Lending Gap Analysis***

The OCC evaluated the lending distribution in the Kingsport MMSA to determine if any unexplained, conspicuous gaps existed. The OCC reviewed summary reports, maps, and analyzed PVNB's lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. The OCC did not identify any unexplained, conspicuous gaps.

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

The bank exhibited a reasonable distribution of loans to individuals of different income levels, given the product lines offered by the bank.

### ***Home Mortgage Loans***

Refer to Table 8 in the MMSA section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The percent of home mortgage loans made to low-income borrowers was significantly below the percentage of those families and was significantly below the aggregate percentage of all reporting lenders. The percent of home mortgage loans made to moderate-income borrowers was below the percentage of those families and was significantly below the aggregate percentage of all reporting lenders.

The performance is considered reasonable when considering that 42.0 percent of the households in the low-income CTs and 22.9 percent of the households in the moderate-income CTs are below the poverty level. As illustrated in the Housing section of the *Description of Institution's Operations in Kingsport MMSA*, median family income and median housing values impact low- and moderate-income borrowers to qualify for home mortgage loans in the AA. The performance is considered reasonable when considering the PVNB has only 3.3 percent of the deposit market share of the AA and has 0.76 percent of the HMDA market share in the AA.

### **Responses to Complaints**

There were no complaints regarding the bank's CRA performance during the evaluation period. This had a neutral impact on the overall CRA rating.

## **COMMUNITY DEVELOPMENT TEST**

The bank's performance under the Community Development Test in the Kingsport MMSA is rated Needs to Improve.

### **Conclusions for Area Receiving a Full-Scope Review**

Based on a full-scope review, the bank exhibited poor responsiveness to community development needs in the MMSA through community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AA.

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

PVNB did not provide community development loans that primarily serve low- and moderate-income individuals within the AA during the review period due to limited opportunities that were presented.

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

PVNB did not provide community development investments that primarily serve low- and moderate-income individuals within the AA during the review period due to limited opportunities that were presented.

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

The bank conducted or supported an adequate number of CD services, consistent with its capacity and expertise to conduct specific activities. During the evaluation period, two employees held a leadership position at two qualifying organizations, commensurate with their bank job, to benefit low- and moderate-income families.

Examples of qualified CD services include:

- A bank employee provided 240 service hours as a board member for a non-profit organization that targets community services to low- or moderate-income individuals.
- A bank employee provided 60 service hours as a board member for a non-profit organization whose primary focus is affordable housing in the AA.

## State Rating

### State of Virginia

**CRA rating for the State of Virginia<sup>2</sup>:** Satisfactory

**The Lending Test is rated:** Satisfactory

**The Community Development Test is rated:** Satisfactory

The major factors that support this rating include:

- The bank exhibited excellent geographic distribution of loans in the state.
- The bank exhibited a reasonable distribution of loans to individuals of different income levels.
- CD activities, including CD loans and CD services, reflect an adequate responsiveness to the CD needs of the AA.

### Description of Institution's Operations in SW VA Non-MSA

The SW VA Non-MSA consists of Lee and Wise counties and the city of Norton. There are 19 CTs within this AA, consisting of no low-income CTs, 8 moderate-income CTs, 11 middle-income CTs, and no upper-income CTs. The middle-income CTs have been designated as non-metropolitan middle-income distressed and/or underserved because of high poverty rates and the remote rural geographies. The AA meets the regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies. Refer to appendix A, Scope of Examination, for a list of all bank AAs.

The bank operated four full-service branches with drive-thru facilities and ATMs. The branches are located within Lee and Wise counties and the city of Norton, in the AA. According to the FDIC Summary of Deposits-Branch Office Deposits Report, as of June 30, 2024, deposits for the AA were \$277.6 million, or 65.7 percent of total bank deposits. PVNB originated 46.9 percent of total home mortgage loans in the AA during the evaluation period.

According to the FDIC Deposit Market Share Report as of June 30, 2024, the AA contained 11 banking institutions with 25 offices. PVNB has four offices and holds the largest market share of deposits in this AA at 22.5 percent. The next three institutions with a large deposit market share were The First Bank and Trust Company with 17.1 percent, Lee Bank and Trust Company with 15.0 percent, and Truist Bank with 10.0 percent.

Based on the 2023 HMDA Market Share Report, competition for mortgage loans is strong and includes a total of 93 institutions consisting of local commercial and savings banks, branches of larger regional and nationwide banks, and national mortgage lenders. PVNB has the second largest market share, 7.7 percent of the market. The top five mortgage lenders in the area, excluding PVNB, have a combined market share of 43.0 percent.

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<sup>2</sup> This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

## **Economic and Employment Factors**

Southwestern Virginia's economy relies on a diversifying mix of industries, including tourism, outdoor recreation, and manufacturing, alongside a historical foundation in coal and natural gas. Recent successes show significant job creation, private investment, and improvements in the region's economic diversity index thanks to efforts by the Virginia Coalfield Economic Development Authority (VCEDA). However, economic challenges persist, particularly in distressed counties with high poverty and unemployment rates, which depend heavily on federal assistance programs. The largest industries in the AA are Government Services, Retail Trade, and Health Care & Social Assistance. The largest employers in the AA were Wise County School Board, Food City, Lee County School Board, U.S. Department of Justice, Bristol Regional Health System, and Wal Mart.

According to the Bureau of Labor Statistics, the unemployment rate for Lee County in 2022, 2023, and 2024 was 3.6 percent, 3.6 percent, and 3.7 percent, respectively. The unemployment rate for Wise County in 2022, 2023, and 2024 were 3.6 percent, 3.6 percent, and 3.8 percent, respectively. The unemployment rate for Norton City in 2022, 2023, and 2024 were 3.5 percent, 3.7 percent, and 3.5 percent, respectively. These unemployment levels are slightly above the unemployment levels of the state of Virginia, 2.7 percent, 2.7 percent, and 2.9 percent for the same time period, respectively. The national averages for the same years were reported as 3.6, 3.6, and 4.0 percent.

## **Housing**

The SW VA Non-MSA provides limited opportunity to lend to low- and moderate-income geographies within the AA. There are no low-income geographies, eight moderate-income geographies, 11 middle-income geographies, and no upper-income geographies located within the 19 CTs in the AA. There are 31,836 thousand housing units in the AA, of which 54.5 percent are owner-occupied, 26.0 percent are rental units, and 19.5 percent are vacant. Housing units in moderate- income geographies represent 41.3 percent of total housing units in the AA, compared to 58.7 percent in middle-income geographies.

In the performance context, the OCC evaluated the disparity between the median income of families within the AA and the cost of housing. Based on the information in the Demographic table for 2022-2024, low-income families earned less than \$36,950, and moderate-income families earned at least \$59,120 and less than \$67,840, based on the FFIEC Census updated for 2024.

One method to determine housing affordability assumes a maximum affordable monthly principal and interest payment of no more than 30 percent of the applicant's income. Assuming a 30-year mortgage with a six percent interest rate, and not accounting for down payment, homeowners insurance, real estate taxes, or any additional monthly expenses, a low-income borrower could afford a \$141,981 mortgage with a payment of \$924 per month. A moderate-income borrower could afford a \$227,170 mortgage with a payment of \$1,478 per month.

## **Community Contact**

The OCC reviewed a community contact completed by the OCC for PVNB. The contact was a representative an economic development organization, heavily involved in local infrastructure planning and development. The organization's primary goal is to guide and promote the development of the region, and to facilitate the employment, recreational, and cultural development opportunities needed by the region's residents. The contact stated the main challenges in the community were the prevalent opioid

addiction and a lack of trade workers, such as contractors. The contact stated local and national banks seem to be serving this small community well.

**SW VA Non-MSA**

Assessment Area - Southwestern Virginia Non MSA						
2022 - 2024						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	19	0.00	42.11	57.89	0.00	0.00
Population by Geography	61,990	0.00	39.98	60.02	0.00	0.00
Housing Units by Geography	31,836	0.00	41.27	58.73	0.00	0.00
Owner-Occupied Housing by Geography	17,364	0.00	39.39	60.61	0.00	0.00
Occupied Rental Units by Geography	8,272	0.00	44.16	55.84	0.00	0.00
Vacant Units by Geography	6,200	0.00	42.68	57.32	0.00	0.00
Businesses by Geography	1,623	0.00	36.17	63.83	0.00	0.00
Farms by Geography	55	0.00	43.64	56.36	0.00	0.00
Family Distribution by Income Level	16,309	28.54	18.82	22.02	30.63	0.00
Household Distribution by Income Level	25,636	34.59	15.79	16.31	33.31	0.00
Unemployment rate (%)	9.35	0.00	12.20	7.69	0.00	0.00
Households Below Poverty Level (%)	23.94	0.00	28.40	20.85	0.00	0.00
Median Family Income (Non-MSAs - VA)		\$61,219			Median Housing Value	\$84,800
Median Family Income (Non-MSAs - VA) for 2024		\$73,900			Median Gross Rent	\$617
					Families Below Poverty Level	17.51
FFIEC File - 2020 Census FFIEC File - 2024 Census 2024 Dun & Bradstreet SBSF Demographics Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification						

**Scope of Evaluation in SW VA Non-MSA**

The OCC performed a full-scope review of performance in the SW VA Non-MSA. The OCC placed equal weight on performance in each year of the evaluation period to reach our conclusions.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SW VA NON-MSA**

**LENDING TEST**

The bank’s performance under the Lending Test in the state of Virginia is rated Satisfactory.

**Conclusions for Area Receiving a Full-Scope Review**

Based on a full-scope review, the bank’s lending performance in the state of Virginia was reasonable.

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

The bank exhibited excellent geographic distribution of loans in the state.

### ***Home Mortgage Loans***

Refer to Table 7 in the state of Virginia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The percentage of loans to borrowers in moderate-income tracts exceeded the percentage of owner-occupied housing units and exceeded the aggregate percentage of all reporting lenders.

### ***Lending Gap Analysis***

The OCC evaluated the lending distribution in the SW VA Non-MSA to determine if any unexplained, conspicuous gaps existed. The OCC reviewed summary reports, maps, and analyzed PVNB's lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. The OCC did not identify any unexplained, conspicuous gaps.

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

The bank exhibited a reasonable distribution of loans to individuals of different income levels, given the product lines offered by the bank.

### ***Home Mortgage Loans***

Refer to Table 8 in the state of Virginia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The percentage of home mortgage loans made to low-income families was well below the percentage of those families and was below the aggregate percentage of all reporting lenders. The percent of home mortgages made to moderate-income borrowers exceeded the percent of those families and was near to the aggregate percentage of all reporting lenders.

As previously stated in the Housing section for the SW VA Non-MSA, home ownership in low- and moderate-income geographies may be difficult due to high median housing prices compared to median family income.

## **Responses to Complaints**

No complaints related to the bank's CRA performance have been received by the bank. This had a neutral impact on the CRA Rating.

## **COMMUNITY DEVELOPMENT TEST**

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

## Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank exhibited adequate responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AA.

### Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans that qualify as CD loans.

Table 3: Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
SW VA Non-MSA	2	100.00	2,964	100.00

The following are examples of CD loans the bank originated or purchased in this AA:

PVNB originated two CD loans, totaling \$3.0 million benefitting the SW VA Non-MSA during the evaluation period. This represented 6.4 percent of tier 1 capital. The following are examples of CD loans the bank originated or purchased in this AA:

- A loan in the amount of \$1.7 million to repair and improve infrastructure in distressed and underserved CTs by improving and expanding utility services including water and sewer systems.
- A loan in the amount of \$1.2 million to repair and improve infrastructure in distressed and underserved CTs by improving and expanding utility services including water and sewer systems.

### Number and Amount of Qualified Investments

PVNB did not provide community development investments that primarily serve low- and moderate-income individuals within the AA during the review period due to limited opportunities that were presented.

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

The bank provided an adequate level of CD services, consistent with its capacity and expertise to conduct specific activities. During the evaluation period, two employees held a leadership position at two qualifying organizations, commensurate with their bank job, to benefit low- and moderate-income families. Examples of qualified CD services include:

- A bank employee provided 520 service hours as a board member of a non-profit organization that targets low-income school children by providing weekend food bags.
- A bank employee provided 20 service hours as a board member of a non-profit organization that offers services for homelessness, emergency shelters, utility assistance, and advocacy for victims of domestic abuse.

## 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 MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

<b>Time Period Reviewed:</b>	01/01/2022 to 12/31/2024	
<b>Bank Products Reviewed:</b>	Home Mortgage Loans Community Development Loans, Qualified Investments, Community Development Services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	None	None
<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>MMSA</b>		
Kingsport-Bristol, TN-VA MMSA	Full scope	Counties of Scott and Washington, and the city of Bristol in Virginia, and Sullivan County, Tennessee
<b>Virginia</b>		
Southwestern Virginia Non-MSA	Full scope	Counties of Lee and Wise, and the City of Norton in Virginia

## Appendix B: Summary of MMSA and State Ratings

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<b>RATINGS</b>			
<b>Overall Bank:</b>	<b>Lending Test Rating*</b>	<b>CD Test Rating</b>	<b>Overall Bank/State/Multistate Rating</b>
Powell Valley National Bank	Satisfactory	Satisfactory	Satisfactory
<b>MMSA or State:</b>			
Kingsport-Bristol, TN-VA MMSA	Satisfactory	Satisfactory	Satisfactory
Virginia	Satisfactory	Satisfactory	Satisfactory

(\*) The Lending Test and Community Development Test carry equal weight in the overall rating.

## Appendix C: 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 CD loans and qualified investments, branch distribution, and CD services).

**Low-Income:** Individual income that is at 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 state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Multistate Metropolitan Statistical Area (MMSA):** Any multistate metropolitan statistical area or multistate combined statistical area, as defined by the Office of Management and Budget.

**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.

**Prior Period Investments:** Investments made in a previous evaluation period that are outstanding as of the end of the evaluation period.

**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 multistate 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 multistate metropolitan statistical area, the institution will receive a rating for the multistate 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.

**Unfunded Commitments:** Legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

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

## Appendix D: Tables of Performance Data

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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 (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/AA. 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 7. 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 8. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/AA. The table also presents aggregate peer data for the years the data is available.

Table 7: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2022 - 2024		
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total Number	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		
Kingsport MMSA	200	44,617	100.00	12,601	0.78	3.50	1.51	11.54	15.50	14.90	63.59	56.00	57.37	24.08	25.00	26.22	--	0.00	--		
<b>Total</b>	<b>200</b>	<b>44,617</b>	<b>100.00</b>	<b>12,601</b>	<b>0.78</b>	<b>3.50</b>	<b>1.51</b>	<b>11.54</b>	<b>15.50</b>	<b>14.90</b>	<b>63.59</b>	<b>56.00</b>	<b>57.37</b>	<b>24.08</b>	<b>25.00</b>	<b>26.22</b>	<b>--</b>	<b>0.00</b>	<b>--</b>		

Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022, 2023, -- HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

Table 8: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2022 - 2024		
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$	% of Total Number	Overall Market	% Families	% Bank Loans	% Aggregate	% Families	% Bank Loans	% Aggregate	% Families	% Bank Loans	% Aggregate	% Families	% Bank Loans	% Aggregate	% Families	% Bank Loans	% Aggregate		
Kingsport-MMSA	200	44,617	100.00	12,601	20.84	2.00	8.57	17.67	8.50	19.16	20.17	17.00	22.53	41.32	47.50	36.70	--	25.00	13.05		
<b>Total</b>	<b>200</b>	<b>44,617</b>	<b>100.00</b>	<b>12,601</b>	<b>20.84</b>	<b>2.00</b>	<b>8.57</b>	<b>17.67</b>	<b>8.50</b>	<b>19.16</b>	<b>20.17</b>	<b>17.00</b>	<b>22.53</b>	<b>41.32</b>	<b>47.50</b>	<b>36.70</b>	<b>--</b>	<b>25.00</b>	<b>13.05</b>		

Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022, 2023, -- HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

Table 7: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2022 - 2024		
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total Number	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		
SW VA Non MSA	177	20,997	100.00	1,486	--	0.00	--	39.39	44.63	39.03	60.61	55.37	60.97	--	0.00	--	--	0.00	--		
<b>Total</b>	<b>177</b>	<b>20,997</b>	<b>100.00</b>	<b>1,486</b>	<b>--</b>	<b>0.00</b>	<b>--</b>	<b>39.39</b>	<b>44.63</b>	<b>39.03</b>	<b>60.61</b>	<b>55.37</b>	<b>60.97</b>	<b>--</b>	<b>0.00</b>	<b>--</b>	<b>--</b>	<b>0.00</b>	<b>--</b>		

Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022, 2023, -- HMDA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%

Table 8: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2022 - 2024		
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$	% of Total Number	Overall Market	% Families	% Bank Loans	% Aggregate	% Families	% Bank Loans	% Aggregate	% Families	% Bank Loans	% Aggregate	% Families	% Bank Loans	% Aggregate	% Families	% Bank Loans	% Aggregate		
SW VA Non MSA	177	20,997	100.00	1,486	28.54	9.04	11.37	18.82	23.73	25.91	22.02	21.47	22.68	30.63	35.59	27.86	--	10.17	12.18		
<b>Total</b>	<b>177</b>	<b>20,997</b>	<b>100.00</b>	<b>1,486</b>	<b>28.54</b>	<b>9.04</b>	<b>11.37</b>	<b>18.82</b>	<b>23.73</b>	<b>25.91</b>	<b>22.02</b>	<b>21.47</b>	<b>22.68</b>	<b>30.63</b>	<b>35.59</b>	<b>27.86</b>	<b>--</b>	<b>10.17</b>	<b>12.18</b>		

Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022, 2023, -- HMDA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%