



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

July 8, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Skyline National Bank

Charter Number: 10834

113 West Main Street
Independence, Virginia 24348

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

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

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Overall CRA Rating

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

The lending test is rated: Satisfactory

The community development test is rated: Satisfactory

The major factors that support this rating include:

- The geographic distribution of home mortgage loans reflects excellent dispersion throughout census tracts of different income levels.
- The bank's average quarterly loan-to-deposit (LTD) ratio is reasonable considering the bank's size, financial condition, and credit needs of the assessment areas (AAs).
- A majority of loans, by number and dollar volume, are originated inside the bank's AAs.
- The distribution of loans reflects a reasonable distribution of loans to individuals of different income levels.
- The bank exhibits adequate responsiveness to community development needs in the AAs through community development loans, qualified investments, and community development services.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA(s), the bank's loan-to-deposit (LTD) ratio is reasonable. The level of the LTD ratios meets the standard for satisfactory performance. The bank's average quarterly LTD ratio for the 11 consecutive quarters since the previous CRA evaluation is 85.77 percent. Skyline's average quarterly LTD ratios ranged from a quarterly high of 90.13 percent at June 30, 2018 to a quarterly low of 81.46 percent at March 31, 2017. Competitor institutions reported an average quarterly LTD ratio of 79.52 percent with a low average LTD ratio of 62.91 percent and a high average quarterly LTD ratio of 94.75 percent.

We identified no similarly situated local competitor banks to compare to Skyline's performance. Given the lack of similarly situated banks, we used the Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Reports to determine the competitors in each AA. The main competitors in the bank's three Virginia AAs are Branch Banking and Trust Company (BB&T), Wells Fargo Bank, NA, Carter Bank and Trust, and The National Bank of Blacksburg. The main competitors in the bank's two North Carolina AAs are BB&T, Wells Fargo Bank, NA, First National Bank of Pennsylvania, and LifeStore Bank.

Lending in Assessment Area(s)

A majority of the bank's loans are inside its AAs. This meets the standard for satisfactory performance.

The bank originated and/or purchased 84.65 percent of its total loan originations inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. The following table details the bank's lending activity within the AAs and demonstrates that a majority of the bank's lending is inside the AAs.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2016	173	79.72	44	20.28	217	18,061	82.02	3,958	17.98	22,019
2017	169	85.8	28	14.2	197	27,617	78.2	7,679	21.8	35,296
2018	248	87.6	35	12.4	283	39,354	86.0	6,396	14.0	45,750
Total	590	84.65	107	15.35	697	85,032	85.50	18,033	17.50	103,065

Source: Evaluation Period: 1/1/2016 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0

Description of Institution

Skyline National Bank (hereinafter referred to as Skyline or the bank) is a \$680 million interstate bank headquartered in Independence, Virginia with operations in Virginia and North Carolina. Skyline is wholly-owned by Parkway Acquisition Corporation, a one-bank holding company listed on the Over-the-Counter (OTC) Bulletin Board under the symbol “PKKW.”

On July 1, 2016, former Grayson National Bank (GNB) acquired and merged with Bank of Floyd to form Skyline National Bank. As a result of the merger, the bank gained a presence in the Blacksburg-Christiansburg-Radford MSA as well as the Roanoke MSA. On July 1, 2018, Skyline gained a presence in the Winston-Salem MSA through their acquisition of Great State Bank, headquartered in Wilkesboro, North Carolina.

As of December 31, 2018, Skyline operated 20 full-service facilities and proprietary automated teller machines (ATMs) at each branch except its Willis office. The Willis office is limited to teller transactions. The bank’s hours of operation are reasonable and consistent between all office locations. The same products and services are offered at each branch location. The bank’s website at <https://www.skylinenationalbank.bank/> provides full details of banking products, services, and locations and hours of operation.

Four of the 20 branches are located in moderate-income census tracts. Sixteen branches are located in middle-income census tracts. Six of the 16 branches are located in a distressed or underserved middle-income census tracts; and the remaining 10 branches are not located in distressed or underserved census tracts. There are no branches located in low-, or upper-income census tracts. During the evaluation period, the bank acquired three branches in North Carolina through the acquisition of Great State Bank and opened one branch in West Jefferson, North Carolina. Skyline closed one branch in Hillsville, Virginia.

The Commonwealth of Virginia markets served include the counties of Grayson, Carroll, Wythe, Montgomery, Floyd, Pulaski, and Roanoke. These counties include the cities of Galax, Radford and Salem. The state of North Carolina markets served include the counties of Alleghany, Ashe, Watauga, Wilkes, and Yadkin.

As of March 31, 2019, SNB’s gross loans totaled \$533.6 million, deposits totaled \$595 million, and Tier 1 Capital was \$69.2 million. Gross loans represented 79 percent of total assets. The table below displays the dollar amount outstanding and distribution of loans for each category.

Loan Portfolio By Loan Product		
Type of Loan	Balance Outstanding (000s)	% of Total Loans
1-4 Family Residential	202,269	37.9
Non-Farm/ Non-Residential	172,374	32.3
Multi-family Residential	35,281	6.6
Construction & Land Development	33,682	6.3
Commercial and Industrial	32,635	6.1
Loans to Individuals	7,327	1.4
Other Loans	11,604	2.2
Total Gross Loans	533,597	100
Less Unearned Income on Loans	1	0
Total	533,596	100

** Data obtained from Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only - FFIEC 51 as of 3/31/19*

There are no legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its AAs. Skyline National Bank, formerly the “Grayson National Bank,” received an overall “Outstanding” rating at the last CRA Evaluation dated April 18, 2016.

Scope of the Evaluation

Evaluation Period/Products Evaluated

Skyline was evaluated using the Intermediate Small Bank CRA procedures, which includes a lending test and community development (CD) test. The lending test evaluates the bank’s record of meeting the credit needs in its AAs through its lending activities. The CD test evaluates the bank’s responsiveness to CD needs in its AAs through CD lending, services, and qualified investments. The evaluation period for the Lending Test covers the bank’s performance from January 1, 2016 through December 31, 2018. The evaluation period for the CD test is April 19, 2016 through December 31, 2018.

We selected home mortgages as the primary loan product as this loan type represented the largest portion of loans originated during the evaluation period of January 1, 2016 through December 31, 2018. Small loans to businesses, consumer loans, and small farm loans were not considered primary loan products for the full evaluation period because the bank originated a minimal number of these loan types. Therefore, we did not complete a loan sample of these products for analysis. Because of changes in the bank’s AA and changes to standard demographic information used in CRA evaluations, our analysis is divided into separate evaluation periods.

January 1, 2016 through December 31, 2016

This evaluation period applies to those AAs that were part of Skyline National Bank during the Year 2016. The merger of Grayson National Bank and The Bank of Floyd was effective July 1, 2016. We sampled home mortgage loans for the combined institutions originated between January 1, 2016 and December 31, 2016 since the surviving bank in the merger (Grayson National Bank) was not a HMDA reporter in 2016. The sample was selected based on judgmental sampling guidelines. The Lending Test analysis for 2016 is based on the bank’s performance, during this year of the evaluation period, using comparative demographic data from the 2010 U.S. Census. We evaluated CD loans, qualified investments, and community development services from April 19, 2016, through December 31, 2016, for AAs

The AAs included in this period are the following:

- The SW VA non MSA AA – Four contiguous counties of Carroll, Grayson, Wythe, and Galax City.
- The North Carolina non-MSA AA – Alleghany County.
- The Blacksburg-Christiansburg-Radford, VA MSA AA – Floyd, Montgomery, and Pulaski County; and Radford City.
- The Roanoke, VA MSA AA – Roanoke County and Salem City.

January 1, 2017 through June 30, 2018

This evaluation period applies to the AAs for Skyline NB. We evaluated home mortgage loans, CD loans, qualified investments, and community development services from January 1, 2017 through June 30, 2018. We analyzed home mortgage loans for this evaluation period using the comparative demographic data from the 2015 American Community Survey (ACS) U.S. Census. Skyline National Bank added Ashe County in North Carolina to the North Carolina non-MSA AA with the opening of a new branch in April 19, 2018.

This new branch opening resulted in the following changes to the bank's AAs::

- The North Carolina non-MSA AA – Alleghany and Ashe County.

July 1, 2018 through December 31, 2018

Skyline National Bank acquired Great State Bank, headquartered in Wilkesboro, NC, on July 1, 2018 to expand the bank's footprint in the state of NC. This acquisition resulted in the following changes to the bank's AAs:

The North Carolina non-MSA AA – Alleghany, Ashe, Watauga, and Wilkes County.
Winston-Salem NC MSA – Yadkin County

We evaluated home mortgage loans, CD loans, qualified investments, and community development services from July 1, 2018 through December 31, 2018. We analyzed home mortgage loans for this evaluation period using the comparative demographic data from the 2015 American Community Survey (ACS) U.S. Census.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope.

We performed full-scope reviews for the SW Virginia AA¹ and the Blacksburg AA in Virginia; and limited-scope review for the Roanoke AA for the evaluation period of January 1, 2016 through December

¹ See Appendix A for the full name of each AA, as well as a listing of each CT contained within the AA.

31, 2018. In North Carolina, we performed full-scope reviews for the North Carolina AA for the evaluation period of January 1, 2016 through December 31, 2018; and limited-scope review for the Winston-Salem AA for the evaluation period of July 1, 2018 through December 31, 2018.

Please 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. The state ratings are based on performance in all of the bank’s AAs in that state. We weighted the lending and CD performance in SW Virginia AA more heavily than Blacksburg AA given the majority of the bank’s deposits and branches are located in the SW Virginia AA. Additionally, we placed more emphasis on the 2017 and 2018 data because it represents the lending and community development activities for Skyline subsequent to the merger of Grayson National Bank and Bank of Floyd; and the acquisition of Great State Bank. Please refer to the “Scope” section under each state for more information. Please refer to the rating section for details on the weighting used in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

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

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

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

State Rating

Commonwealth of Virginia

CRA rating for the Commonwealth of Virginia: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- The geographic distribution of home mortgage loans reflects reasonable distribution throughout census tracts of different income levels in the AAs.
- The bank exhibits a reasonable distribution of loans to individuals of different income levels.
- The bank exhibits adequate responsiveness to community development needs in the state through community development loans, qualified investments, and community development services.

Description of Institution's Operations in Virginia

The Commonwealth of Virginia includes three AAs summarized in Appendix A. The branch network includes 15 full-service locations in Virginia. Two of the branches are located in a moderate-income census tracts (CT), and 13 are located in middle-income CTs. Four middle-income CTs were classified as "distressed or underserved" due to high poverty rates, high unemployment rates and/or remote rural locations. There are no low- or upper- CTs within the bank's three AAs. We reviewed the bank's AA maps and determined low- or moderate-income areas were not arbitrarily excluded. The demographic information for each AA is described in the tables below.

Community Contact

As part of the performance evaluation process, the OCC contacts community representatives to gain insight regarding the credit needs and economic conditions of an assessment area. During the course of this evaluation we interviewed community contacts from non-profit organizations in the Virginia assessment areas to determine each AA's credit and development needs. The contact in the Blacksburg AA stated there is a need to attract more business to move into the more rural cities in the market. We were unable to speak with a contact of the non-profit organization in the SW Virginia AA; however, based on our review of the organization's website, we identified home rehabilitation and weatherization as primary needs in the AA. The contact in the Blacksburg AA stated that the local banks in their area demonstrate a reasonable degree of participation in community development activities. We did not complete a community contact for the Roanoke AA because this AA was selected for limited-scope review.

SW Virginia AA

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	20	0.0	25.0	75.0	0.0	0.0
Population by Geography	81,495	0.0	23.8	76.2	0.0	0.0
Housing Units by Geography	43,460	0.0	24.4	75.6	0.0	0.0
Owner-Occupied Units	25,009	0.0	23.1	76.9	0.0	0.0
Occupied Rental Units	9,158	0.0	27.1	72.9	0.0	0.0
Vacant Units	9,293	0.0	24.9	75.1	0.0	0.0
Businesses by Geography	4,766	0.0	22.7	77.3	0.0	0.0
Farms by Geography	385	0.0	16.6	83.4	0.0	0.0
Family Distribution by Income	22,690	23.8	19.7	21.2	35.2	0.0
Household Distribution by Income	34,167	27.1	18.8	17.2	37.0	0.0
Median Family Income Non-MSAs – VA			\$51,375	Median Housing Value		\$109,756
			Median Gross Rent		\$571	
			Families Below Poverty Level		14.1%	
<i>Source: 2015 ACS Census and 2018 D&B Data. Due to rounding, totals may not equal 100.0</i> (*) The NA category consists of geographies that have not been assigned an income classification.						

The bank's SW Virginia AA is located east of Interstate 81, and just above the North Carolina border. The AA includes Grayson, Carroll, and Wythe counties, as well as the independent city of Galax in the state of Virginia. According to 2015 ACS Census data, Grayson County has three moderate-income CTs and two middle-income CTs, which were designated as Middle-Income Nonmetropolitan Underserved Geographies for 2018 - characterized as remote rural. The main office and four branch offices are located in Grayson County. Carroll County has one moderate-income CT and six middle-income CTs. Skyline has two branch offices in Carroll County. Wythe County has six middle-income CTs and one branch office. The bank has one branch in the city of Galax - an independent city in Grayson County with one moderate-income and one middle-income CT that is designated as a Middle-Income Nonmetropolitan Distressed Geography for 2018 due to its high poverty percentage. Carroll and Wythe Counties do not have Middle-income Nonmetropolitan Distressed or Underserved Geographies. There are no low- or high-income CTs in the SW Virginia AA.

According to the FDIC's June 30, 2018, Summary of Deposits, there are 13 FDIC-insured institutions operating 34 branches throughout the bank's SW Virginia AA. Skyline operates nine branches in this AA. Skyline ranked second with 18.23 percent of the deposit market share in the AA. Carter Bank & Trust ranked first with 23.91 percent of the deposit market share in the AA. Branch Banking and Trust Company (BB&T) ranked third with 16.54 percent of the deposit market share in the AA.

The primary economic drivers in the Southwest Virginia area are Manufacturing, Healthcare & Social Assistance, and Retail Trade. With the decline in demand and supply of natural resources below the ground has come the promise of an economic future that the area's natural beauty and natural assets on top of it. Southwest Virginia's economy is booming with outdoor tourism and the arts, drawing the tourist to the adventure, artistry and cultural heritage offered by mountains, valleys, and rivers of Appalachia.

According to Virginia Employment Commission leading employers in the AA as of December 31, 2018, are Carroll County School Board and Parkdale Mills, Inc. in Carroll County; Select A Service LLC., and Grayson County School Board in Grayson County; Wythe County School Board and Somic America Inc. in Wythe County; and Vaughan Bassett Furniture and Twin County Regional Hospital in the city of Galax.

We obtained current unemployment rates for the Virginia AA from the U.S. Bureau of Labor Statistics. As of March 31, 2019, the unemployment rate in Carroll County was 4.3 percent, Grayson County was 3.5 percent, Wythe County was 3.8 percent, and the city of Galax was 3.5 percent, which are all above the Virginia statewide average of 2.9 percent, and ranged from well above to slightly below the national average of 3.6 percent.

Blacksburg AA

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	32	0.0	3.1	65.6	18.8	12.5
Population by Geography	163,575	0.0	4.6	65.5	21.2	8.6
Housing Units by Geography	70,690	0.0	3.8	72.4	21.7	2.0
Owner-Occupied Units	36,776	0.0	1.1	76.3	22.0	0.6
Occupied Rental Units	24,790	0.0	7.9	64.0	24.1	3.9
Vacant Units	9,124	0.0	3.7	79.4	14.4	2.6
Businesses by Geography	8,796	0.0	1.4	72.9	23.9	1.8
Farms by Geography	442	0.0	0.7	77.6	20.4	1.4
Family Distribution by Income	35,539	18.1	18.2	21.5	42.3	0.0
Household Distribution by Income Level	61,566	27.3	13.1	17.6	42.0	0.0
Median Family Income MSA - 13980 Blacksburg - Christiansburg-Radford, VA MSA	\$60,503		Median Housing Value			\$184,840
			Median Gross Rent			\$777
			Families Below Poverty Level			9.1%
<i>Source: 2015 ACS Census and 2018 D&B Data. Due to rounding, totals may not equal 100.0</i> (*) The NA category consists of geographies that have not been assigned an income classification.						

The Blacksburg AA includes Floyd, Montgomery, and Pulaski County, and the city of Radford in Southwest Virginia. Skyline’s AA consists of one moderate-income, 21 middle-income, and 6 upper-income census tracts, according to the 2015 ACS Census. This is a change from the 2010 U.S. Census, when the counties and city consisted of 5 moderate-income, 16 middle-income, and 8 upper-income tracts.

According to the 2018 FDIC Summary of Deposits Market Share Report, Skyline ranked seventh out of 13 competitor institutions in the AA, holding 4.6 percent of the total deposit market share. The National Bank of Blacksburg ranked first with 21.1 percent of the deposit market share, and Union Bank and Trust ranked second with 20.9 percent of the deposit market share.

The primary economic drivers are education and manufacturing. Virginia Polytechnic Institute and State University (Virginia Tech), Volvo Group North America, Inc., Radford University, and Moog, Inc. are the largest employers in the MSA.

According to the Bureau of Labor Statistics, the unemployment rate for the MSA was 3.0 percent as of March 31, 2019, which is near to the unemployment rate of 2.9 percent for the state of Virginia, and well below the national unemployment rate of 3.6 percent.

According to Moody’s Analytics report of April 2019, the strengths of the Blacksburg AA are the stabilizing presence of Virginia Tech and the below-average business costs, particularly for energy. The weaknesses stated for the MSA are cyclical vulnerability to worldwide demand for heavy trucks; remote location away from larger metro areas; and historically weak population growth and low graduate retention rates. Moody’s Analytics reports that the economy in the MSA is projected to cool off next year with

possible manufacturing slowdowns and would underperform the rest of Virginia; and the resulting U.S. job losses would appear exaggerated. The report further anticipates layoffs at Volvo are a downside risk and a less dynamic private sector will hold longer-term growth to a below-average rate.

Scope of Evaluation in Virginia

Skyline designated three regions in Virginia as the bank's AAs. Please refer to the table in Appendix A, for a list of all AAs under review.

We selected the Blacksburg AA for a full- scope review. This is a new AA for the bank, added as a result of the merger with Bank of Floyd as of July 1, 2016. For 2016, the AA consisted of one moderate-income, 21 middle-income, and 6 upper-income CTs. The 2015 ACS U.S. Census changes resulted in CT changes, effective January 1, 2017. Therefore, for 2017 and 2018 the MSA consisted of 5 moderate-income, 16 middle-income, and 8 upper-income tracts.

In addition, we selected the SW Virginia AA for a full-scope review. This AA remains the bank's largest concentrated region of business activity, in terms of both loans and deposits. For the evaluation period, the AA consisted of five moderate-, and 15 middle-income CTs.. The 2015 ACS U.S. Census changes resulted in no CT changes for this AA.

The bank's third AA in VA, the Roanoke AA, received a limited-scope review. The bank maintains a small presence in this market, with 1.4 percent of the deposit market share and two branch locations. This is a new AA for the bank, added as a result of the merger with Bank of Floyd as of July 1, 2016. For 2016, the AA consisted of one moderate-income, five middle-income, and seven upper-income CTs. With the 2015 ACS U.S. Census changes effective January 1, 2017, for 2017 and 2018, the MSA consisted of 0 moderate-income, seven middle-income, and six upper-income tracts.

There were no low-income CTs in the bank's AAs for the evaluation period.

Conclusions with Respect to Performance Tests in Virginia

Skyline's rating in the state of Virginia is based on the bank's performance in the three AAs in Virginia. More weight and consideration was given to lending in the SW Virginia AA as this is the area in which a substantial majority of the bank's offices are located, and hence the majority of loans are originated. Consideration was also given to the lending in the Blacksburg AA and the Roanoke AA.

The distribution of loans by income level of the borrower received greater consideration than the distribution of loans by income level of the geography. This is due to the limited number of moderate-income tracts in the AAs. There are no low-income tracts in the AAs for the evaluation period. For 2016, there were 11 moderate-income CTs in the three AAs in the state of Virginia. The number of moderate-income CTs decreased to a total of six for 2017-2018.

LENDING TEST

The bank's performance under the Lending Test in Virginia is rated Satisfactory. Based on full-scope and limited-scope reviews, the bank's lending performance in the state of Virginia is .reasonable.

Distribution of Loans by Income Level of the Geography

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

We weighted lending performance in the SW Virginia AA more heavily than the Blacksburg AA given the majority of Skyline's deposits and branches are located in the SW Virginia AA. Additionally, we placed more emphasis on the 2017 and 2018 data because this time period included lending activity following the acquisition of the Bank of Floyd and the Great State Bank. We placed more weight on the bank's performance compared to peer aggregate lending due to significant competition in the bank's AA. The lending analysis of geographic distribution was performed for the moderate-income CTs in the AA. There were no low-income geographies in the AAs for Virginia.

Home Mortgage Loans

Please refer to Table A, in the Virginia section of Appendix D, for the facts and data used to evaluate the geographic distribution of the bank's home mortgage originations and purchases.

Year 2016

SW Virginia AA

The geographic distribution of home mortgage loans reflects excellent dispersion throughout CTs of different income levels. The percentage of home mortgage loans originated in moderate-income geographies exceeds the percentage of owner-occupied housing units (OOHU), in moderate-income geographies and exceeds the aggregate lending in the moderate-income geographies.

Blacksburg AA

The geographic distribution of home mortgage loans reflects poor dispersion throughout CTs of different income levels, considering the lending, branch location and demographics of the AA. In our lending analysis of home mortgage loan originations in 2016 for this AA, the bank did not originate any loans in moderate-income tracts in this AA. According to the 2010 U.S Census data, 16.8 percent of OOHUs are located in the five moderate-income CTs in the AA. The aggregate lending performance in the moderate-income CTs was reported as 13.1 percent. This performance is reflective of only six months of activity due to the merger with Bank of Floyd as of July 1, 2016, which may have impacted the lending in the moderate-income geographies in the AA.

Years 2017 and 2018

SW Virginia AA

The geographic distribution of home mortgage loans reflects excellent dispersion throughout CTs of different income levels. The percentage of home mortgage loans originated in moderate-income geographies exceeds the percentage of owner-occupied housing units in moderate-income geographies and exceeds the aggregate lending in the moderate-income geographies.

Blacksburg AA

The geographic distribution of home mortgage loans reflects excellent dispersion throughout census tracts of different income levels. The percentage of home mortgage loans made in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies and is equal to the aggregate lending ratio in moderate-income geographies in the AA.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to individuals of different income levels, given the product lines offered by the bank. We placed more weight on the bank's performance compared to peer aggregate lending due to significant competition in the bank's AAs.

Home Mortgage Loans

Please refer to Table B, in the Virginia section of Appendix D, for the facts and data used to evaluate the borrower distribution of the bank's home mortgages.

Year 2016

SW Virginia AA

The borrower distribution of loans reflects poor penetration among individuals of different income levels, given the demographics of the AA. Skyline did not originate any home mortgage loans to low-income borrowers in the AA during 2016 compared to 22.5 percent of the families residing in these geographies. The percentage of home mortgage loans to moderate-income borrowers is significantly below the percentage of families in the moderate-income census tracts and significantly below the aggregate lending in the geographies..

Blacksburg AA

The borrower distribution of loans reflects poor penetration among individuals of different income levels, given the demographics of the AA. Skyline did not originate any home mortgage loans to low-income borrowers in the AA during 2016. The percentage of total home mortgages to moderate-income borrowers is below the percentage of families in the moderate-income census tracts and is below the percentage of aggregate lending in these geographies. This performance is reflective of only six months of activity due to the merger with Bank of Floyd as of July 1, 2016, which may have impacted the lending to low- or moderate-income borrowers in the AA.

Years 2017 and 2018

SW Virginia AA

The borrower distribution of loans reflects reasonable penetration among individuals of different income levels, given the demographics of the AA. The percentage of home mortgage loans to low-income borrowers is significantly below the percentage of families in the low-income census tracts and is near to the percentage of aggregate lending in these geographies. The percentage of home mortgage loans to moderate-income borrowers is somewhat below the percentage of families in the moderate-income census

tracts and is somewhat below the percentage of aggregate lending in these geographies. Our analysis takes into consideration the lack of affordability for a moderate-income family to purchase a home. The average median housing value in this AA is \$109,756. According to the FFIEC, the adjusted median family income is \$55,900. A moderate-income family in this AA earns less than \$44,720.

Blacksburg AA

The borrower distribution of loans reflects reasonable penetration among individuals of different income levels, given the demographics of the AA. The percent of total home mortgage loans to low-income borrowers is significantly below the percentage of families in the low-income census tracts and exceeds the percentage of aggregate lending in these geographies. The percentage of total home mortgages to moderate-income borrowers is somewhat below the percentage of families in the moderate-income census tracts and is near to the percentage of aggregate lending in these geographies.

Responses to Complaints

Skyline did not receive any complaints about its performance in helping to meet credit needs in Virginia during this evaluation period. This has a neutral impact on the CRA rating.

Conclusions for Area Receiving a Limited Scope Review

A meaningful analysis cannot be performed for the Roanoke AA because the bank did not originate a sufficient number of loans in the evaluation period. Therefore, we are unable to conclude on the bank's overall performance under the Lending Test in this limited scope area.

COMMUNITY DEVELOPMENT TEST

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

Based on full-scope reviews, the bank exhibits reasonable 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 AAs.

Number and Amount of Community Development (CD) Loans

SW Virginia AA

Skyline originated eight CD loans and two lines of credit in the SW Virginia AA during the evaluation period, with a total outstanding balance of approximately \$975 thousand. These loans contributed to basic infrastructure needs, promoted economic development, or provided community services for low- and moderate income families in the AAs. Examples of the bank's loans to support community development are as follows:

- 6 loans totaling \$57 thousand facilitated via the Miles Job Opportunity Base fund to provide start-up money for small businesses in low and moderate-income, distressed, and underserved census tracts in the AA.
- \$23 thousand to a local non-profit organization to purchase a shelter.
- \$300 thousand to an internet provider to install fiber lines in underserved areas.

Blacksburg AA

Skyline originated two CD loans in the Blacksburg AA during the evaluation period with total outstanding balances of approximately \$2.1 million. These loans contributed to basic infrastructure needs in moderate- and distressed or underserved middle-income census tracts. The bank's loans to support CD are as follows:

- \$600 thousand to a municipality to provide for pump station upgrades.
- \$1.5 million to a waste water treatment facility in a moderate-income census tract.

Number and Amount of Qualified Investments

SW Virginia AA

Skyline donated approximately \$30 thousand during the evaluation period to eligible community service organizations. A majority of the donations were made to organizations that provide food and housing assistance to low- and moderate-income families. The bank also donated to a non-profit organization that provides assistance for children of low-income families.

Blacksburg AA

Skyline donated \$6 thousand during the evaluation period to eligible community service organizations. All of the donations in this AA were provided to an organization that provides assistance for children of low-income families. Additionally, the bank donated to a child safety and drug prevention program that provides services nationally.

Extent to Which the Bank Provides Community Development Services

SW Virginia AA

During the evaluation period, seven employees provided technical services and support to seven qualified CD organizations. The organizations function to promote economic development or to provide services to qualified low-income families in the AA. Four of the seven employees provide lending expertise to their respective organizations to make recommendations on approving and denying loan requests. The other two employees lend financial expertise to provide and/or disperse funding to non-profit organizations or scholarship programs.

Blacksburg AA

There were no community services activities in the AA for the evaluation period.

Conclusions for Area Receiving a Limited Scope Review

Based on a limited scope review, the bank's performance under the CD Test in the Roanoke AA is weaker than the bank's overall performance under the CD Test in the full scope areas. The bank provided no CD services, nor originated CD loans or CD investments in the AA during the evaluation period. Skyline entered the Roanoke AA in July 2016 and has a small presence in the market, with two branches and 1.4 percent of the deposit market share.

State Rating

State of North Carolina

CRA rating for the State of North Carolina is Outstanding

The Lending Test is rated: Outstanding

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- The geographic distribution of home mortgage loans reflects excellent dispersion throughout census tracts of different income levels.
- The borrower distribution of loans reflects excellent penetration among individuals of different income levels.
- The bank exhibits adequate responsiveness to community development needs through community development loans, qualified investments, and community development services.

Description of Institution's Operations in North Carolina

North Carolina AAs include two assessment areas, summarized in Appendix A. Skyline has five branches in the state of North Carolina. Two of the branches are located in a moderate-income tract, and three are located in middle-income tracts. The middle-income tracts are designated as distressed or underserved due to high poverty rates and remote rural geographies. There are no low- or upper- CTs. The AAs do not arbitrarily exclude any low- or moderate-income areas. The demographic information for each assessment area is described in the next section of the report.

Community Contacts

We interviewed community contacts from non-profit organizations in the North Carolina AA to determine the AA's credit and development needs. The contacts stated that the local banks in the AA demonstrate a reasonable degree of participation in community development activities. During our discussions, one contact stated that small business mentorship and financing continue to be opportunities for banks to get involved.

North Carolina AA

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	36	0.0	19.4	50.0	30.6	0.0
Population by Geography	159,211	0.0	15.6	57.7	26.7	0.0
Housing Units by Geography	91,323	0.0	14.4	52.1	33.4	0.0
Owner-Occupied Units	44,483	0.0	15.5	58.3	26.2	0.0
Occupied Rental Units	19,491	0.0	16.1	52.9	31.0	0.0
Vacant Units	27,349	0.0	11.5	41.5	47.0	0.0
Businesses by Geography	9,459	0.0	16.6	51.8	31.6	0.0
Farms by Geography	575	0.0	12.7	63.0	24.3	0.0
Family Distribution by Income	41,326	22.0	17.6	20.0	40.4	0.0
Household Distribution by Income Level	63,974	29.1	15.0	16.6	39.3	0.0
Median Family Income Non-MSAs - NC		\$47,794	Median Housing Value			\$171,652
			Median Gross Rent			\$713
			Families Below Poverty Level			15.0%
<i>Source: 2015 ACS Census and 2018 D&B Data. Due to rounding, totals may not equal 100.0</i> (*) The NA category consists of geographies that have not been assigned an income classification.						

The bank's North Carolina AA is located in Northwest North Carolina, west of Winston-Salem, North Carolina. This AA consists of Alleghany, Ashe, Watauga, and Wilkes Counties. According to the June 30, 2018 FDIC Summary of Deposits Market Share Report, Skyline ranked 13th out of 18 competitor institutions in the AA, with Skyline holding 1.32 percent of the total deposit market share. Skyline's merger with Great State Bank was consummated July 1, 2018, and Great State Bank held 4.55 percent of the deposit market share as of June 30, 2018. Therefore, we combined the two deposit market share percentages to produce the post-merger market share for Skyline of 5.87 percent of the total deposit market share, ranking sixth in the AA.

The bank had a presence in this market before the 2018 merger with Great State Bank, but gained additional branches in the assessment area as a result. For 2016, the AA consisted of two moderate-income and one middle-income census tracts. As a result of the merger with Great State Bank, Skyline added three new branches in 2018. As of July 1, 2018, the AA consisted of 7 moderate-income, 18 middle-income, and 11 upper-income tracts. Ten of the 18 middle-income tracts are categorized as distressed or underserved geographies. Specifically, middle-income CTs in Watauga County, North Carolina are designated as distressed due to high poverty rates; middle-income CTs in Alleghany County, North Carolina are designated as distressed and underserved due to high poverty rates and remote rural geographies; and middle-income CTs in Ashe County, North Carolina are designated as distressed and underserved due to remote rural geographies.

The primary economic drivers in northwest North Carolina are education, manufacturing, and health care. There is also a reasonable amount of tourism in the area, predominantly geared towards outdoors activities.

According to the Bureau of Labor Statistics as of March 31, 2019, the unemployment rate for Alleghany County was 5.3 percent; for Ashe County was 4.4 percent; for Watauga County was 4.0 percent, and for Wilkes County was 4.2 percent. The county unemployment rates were near to or equal to the unemployment rate for the state of North Carolina of 4.0 percent and the national unemployment rate of 3.9 percent, except Alleghany County.

Scope of Evaluation in North Carolina

Skyline designated two regions in North Carolina as their AAs. We selected the North Carolina AA for a full- scope review. The bank had a presence in this market before the July 1, 2018 merger with Great State Bank, but gained additional branches in the AA as a result of the merger. For 2016, the AA consisted of two moderate-income and one middle-income census tract(s). As a result of the merger with Great State Bank, the AA consisted of 7 moderate-income, 18 middle-income, and 11 upper-income tracts.

The bank's second AA in North Carolina, the Winston-Salem AA, received a limited-scope review. The bank maintains a small presence in this market, with 3.56 percent of the deposit market share and one branch location. This MSA is a new assessment area for the bank, added as a result of the July 1, 2018 merger with Great State Bank. For 2018, the AA consisted of three moderate-income and 4 middle-income census tracts based on the 2015 ACS U.S. Census changes, effective January 1, 2017.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NORTH CAROLINA

LENDING TEST

The bank's performance under the Lending Test in North Carolina is rated Outstanding. Based on full- and limited-scope reviews, the bank's lending performance in the state of North Carolina is satisfactory.

Distribution of Loans by Income Level of the Geography

The bank exhibits excellent geographic distribution of loans in the state of North Carolina. Please refer to Table A, of Appendix D, for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. There were no low-income CTs in the bank's AAs.

North Carolina AA

Year 2016

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout census tracts of different income levels. The percentage of home mortgage loans made in moderate-income geographies is below the percentage of owner-occupied housing units in these geographies and is below the percentage of aggregate lending in these geographies.

Years 2017 and 2018

The geographic distribution of home mortgage loans reflects excellent dispersion throughout census tracts of different income levels. The percentage of home mortgage loans made in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies; and the percentage of home mortgage loans exceeds the aggregate lending in these geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans to individuals of different income levels, given the product lines offered by the bank. Please refer to Table B, in Appendix D, for the facts and data used to evaluate the borrower distribution of the bank's home mortgage originations and purchases.

North Carolina AA

Year 2016

The borrower distribution of loans reflects excellent penetration among individuals of different income levels, given the demographics of the AA. The percentage of home mortgage loans originated for low-income borrowers well below the percentage of families in low-income geographies. The percentage of home mortgage loans originated for moderate-income borrowers exceeds the percentage of families in moderate-income geographies. The percentage of total home mortgage loans originated for both low- and moderate-income borrowers exceeds the percent of aggregate lending in these CTs.

Years 2017 and 2018

The borrower distribution of loans reflects excellent penetration among individuals of different income levels, given the demographics of the AA. The percentage of home mortgage loans originated for low-income borrowers well below the percentage of families in low-income geographies. The percentage of home mortgage loans originated for moderate-income borrowers is somewhat below the percentage of families in moderate-income geographies. The percent of total home mortgage loans originated for both low- and moderate-income borrowers exceeds the percent of aggregate lending in the geography.

Responses to Complaints

Skyline did not receive any complaints about its performance in helping to meet credit needs in North Carolina during this evaluation period. This has a neutral impact on the CRA rating.

Conclusions for Area Receiving a Limited Scope Review

Based on an insufficient level of loans made in the Winston-Salem AA during the evaluation period, a meaningful analysis cannot be performed. Therefore, we are unable to conclude on the bank's overall performance under the Lending Test in this limited scope area.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of North Carolina is rated satisfactory. Based on full-scope and limited-scope reviews, the bank exhibits adequate responsiveness to community development needs in the MSA through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of opportunities for community development in the bank's AAs.

Number and Amount of Community Development Loans

Skyline demonstrated adequate responsiveness to the community development needs of the North Carolina AA through community development loans. During the evaluation period, the bank originated twelve qualifying community development loans totaling \$6.2 million. Examples of the bank's community development loans are listed below:

- \$5 million loan for an organization that promotes the economic development in a moderate-income geography and employs LMI individuals.
- \$250,000 loan for an economic development organization that provides jobs for low- to moderate-income households in the AA with high unemployment.

Number and Amount of Qualified Investments

The level of qualified investments in the Non-NC MSA AA reflects adequate responsiveness to the needs of the bank's AA. Skyline NB did not purchase any qualified investments in the NC Non-MSA area during the evaluation period. The bank did donate \$850.00 to four qualified community organizations in the AA during the evaluation period. Contributions include the following:

- Donations of \$500 to a local community service organization that provides food to low-income neighborhoods in the AA.
- The bank made a \$100 grant to an economic development organization that specializes in the revitalization and improvements to low- and moderate-income CTs in the AA.

Extent to Which the Bank Provides Community Development Services

Skyline's CD services reflect adequate responsiveness given the size of the financial institution and the CD needs of the AA. During the evaluation period, four bank employees served in qualifying positions with six organizations in the North Carolina AA. Examples of the qualifying CD services include the following:

- A loan officer served as a Board member of an economic development organization that promotes and funds new and existing small businesses in the AA.
- A loan officer served as a Board member for a scholarship fund that awards monetary assistance to high school students of low- and moderate-income families in Alleghany County to pursue higher education.
- A loan officer serves as the President of the Board of an organization that provides grants to non-profit organizations serving LMI communities.

Conclusions for Area Receiving a Limited Scope Review

Based on a limited scope review, the bank's performance under the CD Test in the Winston-Salem AA is consistent with the bank's overall performance under the CD Test in the full scope areas. Skyline entered the Winston-Salem market in July 1, 2018, establishing a presence in the market for six months during the evaluation period.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	1/1/16 to 12/31/18	
Bank Products Reviewed:	Home Mortgages, closed-and open-ended	
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
North Carolina		
North Carolina Non-MSA (North Carolina AA)	Full-Scope	All census tracts in Alleghany County, Ashe County, Watauga County, Wilkes County
Winston-Salem MSA (Winston Salem AA)	Limited-Scope	The following census tracts in Yadkin County: 0501.00; 0501.02; 0502.00; 0503.00; 0504.00; 0505.01; 0505.02
Virginia		
Blacksburg-Christiansburg-Radford MSA (Blacksburg AA)	Full-Scope	All census tracts in Montgomery County, Floyd County, Pulaski County, and Radford City
SW Virginia Non-MSA (SW Virginia AA)	Full-Scope	All census tracts in Grayson County, Carroll County, Wythe County, and Galax City
Roanoke MSA (Roanoke AA)	Limited-Scope	All census tracts in Salem City, and the following tracts in Roanoke County: 303.00; 305.00; 306.00; 307.01; 307.02; 308.01; 308.02; 309.00

Appendix B: Summary of State Ratings

RATINGS - Skyline National Bank			
	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
Skyline National Bank	Satisfactory	Satisfactory	Satisfactory
Virginia	Satisfactory	Satisfactory	Satisfactory
North Carolina	Outstanding	Satisfactory	Outstanding

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

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family.

Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

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

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

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

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

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

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

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

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

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

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (please refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

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

Table A : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2016	
Assessment Area:	Sampled Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$ (,000)	% of Total	Overall Market	% of OO Housing Units	% Bank Loans	Aggt.	% of OO Housing Units	% Bank Loans	Aggt.	% of OO Housing Units	% Bank Loans	Aggt.	% of OO Housing Units	% Bank Loans	Aggt.	% of OO Housing Units	% Bank Loans	Aggt.	
Full Scope Reviews																				
SW VA AA	20	2,590	100.0	1,399	0.0	0.0	0.0	24.0	35.0	19.6	76.0	65.0	80.4	0.0	0.0	0.0	0.0	0.0	0.0	
Blacksburg AA	20	2,326	100.0	3,703	0.0	0.0	0.0	16.8	0.0	13.1	61.4	75.0	55.0	21.8	25.0	31.9	0.0	0.0	0.0	
NC AA	20	2,228	100.0	235	0.0	0.0	0.0	72.6	45.0	66.4	27.4	55.0	33.6	0.0	0.0	0.0	0.0	0.0	0.0	
Limited Scope Reviews																				
Roanoke AA	9	1,562	100.0	2,522	0.0	0.0	0.0	4.4	11.1	3.8	38.0	55.6	38.3	57.5	33.3	57.8	0.0	0.0	0.0	
Total	69	8,706	100.0	7,859	0.0	0.0	0.0	18.2	--	12.9	58.6	--	53.5	23.2	--	33.6	0.0	--	0.0	
Source: 2010 U.S Census; 1/1/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																				

Table A : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography

2017 - 2018

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (,000)	% of Total	Overall Market	% of Owner- Occupied Housing Units	% Bank Loans	Aggt.	% of Owner- Occupied Housing Units	% Bank Loans	Aggt.	% of Owner- Occupied Housing Units	% Bank Loans	Aggt.	% of Owner- Occupied Housing Units	% Bank Loans	Aggt.	% of Owner- Occupied Housing Units	% Bank Loans	Aggt.
Full-Scope Reviews																			
SW VA AA	210	24,507	50.4	1,453	0.0	0.0	0.0	23.1	31.9	22.5	76.9	68.1	77.5	0.0	0.0	0.0	0.0	0.0	0.0
Blacksburg AA	82	20,177	19.7	3,660	0.0	0.0	0.0	1.1	2.4	2.4	76.3	79.3	66.6	22.0	17.1	29.7	0.6	1.2	1.3
NC AA	102	16,448	24.5	3,307	0.0	0.0	0.0	15.5	23.5	12.2	58.3	57.8	46.8	26.2	18.6	40.9	0.0	0.0	0.0
Limited-Scope Reviews																			
Roanoke AA	15	4,308	3.6	2,342	0.0	0.0	0.0	0.0	0.0	0.0	50.5	46.7	47.0	49.5	53.3	53.0	0.0	0.0	0.0
Winston -Salem AA	8	1,531	3.2	601	0.0	0.0	0.0	46.6	12.5	42.9	53.4	87.5	57.1	0.0	0.0	0.0	0.0	0.0	0.0
Total	417	66,971	100.0	11,363	0.0	0.0	0.0	13.3	22.5	9.5	64.8	67.4	57.7	21.7	9.8	32.4	0.2	0.2	0.4

Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0

Table B: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																	2016		
Assessment Area:	Sampled Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$ (,000)	% of Total	Overall Market	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.
Full Scope Reviews																			
SW VA AA	20	2,590	100	1,399	22.5	0.0	8.0	19.5	5.0	20.9	23.5	10.0	22.6	34.5	80.0	34.5	0.0	5.0	13.9
Blacksburg AA	20	2,326	100	3,703	21.2	0.0	4.4	16.2	10.0	14.8	21.4	20.0	19.7	41.3	70.0	45.0	0.0	0.0	16.0
NCAA	20	2,228	100	235	27.2	10.0	3.4	21.2	25.0	12.3	23.6	20.0	23.0	28.0	45.0	52.8	0.0	0.0	8.5
Limited Scope Reviews																			
Roanoke AA	9	1,562	100	2,522	12.2	0.0	4.8	15.4	0.0	16.3	20.7	33.3	18.8	51.7	66.7	41.2	0.0	0.0	18.9
Total	69	8,706	100	7,859	19.7	8.3	5.2	17.1	11.7	16.3	21.9	25.0	20.0	41.3	50.0	42.2	0.0	0.0	16.3
<i>Source: 2010 U.S. Census: 1/1/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>																			

Table B: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																		2017 - 2018		
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	Aggt.	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.	% Families	% Bank Loans	Aggt.	
Full-Scope Reviews																				
SW VA AA	210	24,507	50.4	1,453	23.8	8.6	8.7	19.7	16.7	22.0	21.2	20.5	21.5	35.2	42.4	32.7	0.0	11.9	15.1	
Blacksburg AA	82	20,177	19.7	3,660	18.1	8.5	7.0	18.2	15.9	16.0	21.5	9.8	20.7	42.3	32.9	40.7	0.0	32.9	15.6	
NC AA	102	16,448	24.5	3,307	22.0	8.8	4.1	17.6	15.7	10.6	20.0	13.7	17.4	40.4	35.3	57.9	0.0	26.5	10.0	
Limited-Scope Reviews																				
Roanoke AA	15	4,308	6.0	2,342	13.7	0.0	6.2	15.2	26.7	17.0	21.2	13.3	22.0	49.9	53.3	38.5	0.0	6.7	16.4	
Winston -Salem AA	8	1,531	3.2	601	27.6	0.0	9.5	20.7	0.0	23.6	21.2	12.5	23.3	30.5	62.5	30.1	0.0	25.0	13.5	
Total	417	66,971	100.0	11,363	20.5	8.2	6.3	18.0	16.3	15.8	20.9	16.3	20.3	40.7	39.6	43.7	0.0	19.7	14.0	
<i>Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>																				