



## **PUBLIC DISCLOSURE**

August 22, 2022

### **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 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.

## Table of Contents

Overall CRA Rating.....	2
Description of Institution .....	3
Scope of the Evaluation.....	4
Discriminatory or Other Illegal Credit Practices Review .....	6
State Rating.....	7
State of Virginia.....	7
Community Development Test .....	12
State Rating.....	14
State of North Carolina .....	14
Community Development Test .....	19
Appendix A: Scope of Examination .....	A-1
Appendix B: Summary of State Ratings .....	B-1
Appendix C: Definitions and Common Abbreviations.....	C-1
Appendix D: Tables of Performance Data.....	D-1

## Overall CRA Rating

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

The lending test is rated: **Outstanding**.

The community development test is rated: **Satisfactory**.

The major factors that support this rating include:

- The Lending Test rating is based on Skyline National Bank's (Skyline or the bank) performance in the state of Virginia and the state of North Carolina.
- The bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and the credit needs in its assessment areas (AAs).
- A majority of the bank's loans are inside its AAs.
- The overall geographic distribution of loans reflects excellent distribution.
- The overall borrower distribution reflects reasonable distribution of loans to individuals of different income levels and to businesses of different sizes.
- The Community Development (CD) Test rating is based on the bank's CD activities, including loans, investments, and services, in the state of Virginia and North Carolina.
- The responsiveness to CD needs in the AAs through CD loans, qualified investments, grants and donations, and services is reasonable.

## Loan-to-Deposit Ratio

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

The bank's average quarterly LTD ratio for the 13 consecutive quarters is 86.79 percent. Skyline's average quarterly LTD ratios ranged from a quarterly high of 94.23 percent to a quarterly low of 75.10 percent. Similar sized institutions reported an average quarterly LTD ratio of 73.03 percent with a low average LTD ratio of 60.98 percent and a high average quarterly LTD ratio of 86.60 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 financial institutions in each AA. The largest financial institutions by deposit market share in the bank's three Virginia AAs are Truist Bank, Wells Fargo Bank, N.A., Carter Bank and Trust, and The National Bank of Blacksburg, and Truist Bank, Wells Fargo Bank, N.A., and First National Bank of Pennsylvania in the bank's three North Carolina AAs.

## Lending in Assessment Area

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

The bank originated and purchased 75.4 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 percentage of lending inside the AAs had a positive impact on the OCC's analysis of geographic distribution of loans.

The table below illustrates the number and dollar volume of home mortgage and a sample of small business loans the bank originated inside and outside of its 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	722	73.9	255	26.1	977	160,936	77.6	46,554	22.4	207,490
Small Business	150	83.3	30	16.7	180	13,141	82.7	2,747	17.3	15,888
Total	872	75.4	285	24.6	1,157	174,077	77.9	49,301	22.1	223,378

## Description of Institution

Skyline is a \$995.6 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.

Skyline operates 24 full-service branches and non-deposit-taking proprietary automated teller machines (ATMs) at each branch throughout Virginia and North Carolina, with the exception of its Willis office. The Willis office has limited service and only offers teller transactions. The bank's hours of operation are reasonable and generally 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.

As of December 31, 2021, the bank operates twenty-four branches. Four are located in moderate-income CTs, 18 are located in middle-income CTs, and two are located in upper-income CTs. There are no branches located in low-income census tracts. During the evaluation period, the bank opened four branches in North Carolina, three of which are located in middle-income CTs, and one is located in an upper-income CT. Skyline closed its Salem City branch and relocated it to Roanoke City in June 2019.

During 2020, Skyline originated loans under the Paycheck Protection Program (PPP). This program was implemented by the U.S. Small Business Administration and is a low-cost, qualifying forgivable loan program for small businesses to help cover payroll costs, interest on mortgages, rent, and utilities during the COVID-19 Pandemic. In calendar year 2021, the bank originated 902 PPP loans totaling \$43.6 million in its Virginia AAs, and 780 PPP loans totaling \$44.4 million in its North Carolina AAs.

As of December 31, 2021, the bank's gross loans totaled \$683.5 million, deposits totaled \$898.3 million, and Tier 1 Capital was \$84.9 million. Gross loans represented 68.7 percent of total assets. The table below displays the dollar amount outstanding and distribution of loans for each category.

<b>Distribution of Loan Portfolio*</b>		
<b>Type of Loan</b>	<b>Balance Outstanding (000s)</b>	<b>% of Total Loans</b>
1-4 Family Residential	240,359	35.2
Non-Farm/ Non-Residential	230,071	33.7
Commercial and Industrial	60,550	8.9
Multi-family Residential	58,054	8.5
Construction & Land Development	44,252	6.5
Loans to Farmers/Secured by Farmland	27,446	4.0
Other Loans	15,508	2.3
Loans to Individuals	7,292	1.1
<b>Total</b>	<b>683,532</b>	<b>100</b>

*\*Data obtained from Consolidated Reports of Condition and Income for a bank with Domestic Offices only – FFIEC 051 as of December 31, 2021.*

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 called Grayson National Bank, received an overall "Outstanding" rating at the last CRA Evaluation dated July 8, 2019.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This performance evaluation (PE) assesses the bank's performance under the Intermediate Small Bank procedures, which includes a lending test and CD Test. The lending test evaluates the institution's 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 the CD Test covers the institution's performance from January 1, 2019, through December 31, 2021. For this evaluation, we analyzed home mortgage loans the bank reported under the Home Mortgage Disclosure Act (HMDA) and a sample of small business loans.

## **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. 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, which included the Virginia non-MSA AA, the Blacksburg-Christiansburg, VA MSA AA, and the Roanoke, VA MSA AA. The OCC weighted the lending and CD performance in Virginia more heavily than North Carolina given that the majority of the bank’s deposits and branches are located in Virginia. The state of Virginia represented 70.8 percent of deposits, 55.7 percent of loans, and 62.5 percent of the bank’s branch network.

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) in determining a national banks or federal savings associations (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 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

### State of Virginia

**CRA rating for the State of Virginia<sup>1</sup>:** Outstanding

**The Lending Test is rated:** Outstanding

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

The major factors that support this rating include:

- The bank exhibits excellent geographic distribution of loans in the state.
- The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses of different sizes.
- CD activities, including CD loans, qualified investments, and CD services, reflect reasonable responsiveness to the CD needs of the bank's AAs.

### Description of Institution's Operations in Virginia

Skyline has three AAs located in the state of Virginia which are the Virginia Non-MSA, Blacksburg-Christiansburg VA MSA, and Roanoke VA MSA AAs. The branch network includes 15 locations in the state of Virginia, with two branches located in moderate-income census tracts (CT), 12 located in middle-income CTs, and one located in an upper-income CT. There are no low-income CTs within the bank's three AAs. The AAs meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income (LMI) geographies.

The Virginia Non-MSA AA is located east of Interstate 81, and just above the North Carolina border. The AA includes Carroll, Floyd, Grayson, and Wythe counties, as well as the city of Galax in the state of Virginia. Skyline operates 11 branches in this AA. The main office and four branch offices are located in Grayson County, with one branch located in a moderate-income CT and four branches located in middle-income CTs. Skyline has one branch in the City of Galax, an independent city in Grayson County, which is located in a moderate-income CT. Skyline has two branch offices in Carroll County, two in Floyd County, and one in Wythe County, all located in middle-income CTs. There are no low- or upper-income CTs in the Virginia Non-MSA AA.

The Blacksburg-Christiansburg VA MSA AA includes Montgomery and Pulaski counties, and Radford City. The AA consists of one moderate-income CT, 18 middle-income CTs, six upper-income CTs, and four CTs with no income designation. This AA has no low-income CTs. The bank operates two full-service branches in middle-income CTs in Christiansburg and Radford, Virginia.

The Roanoke VA MSA AA includes Roanoke County, Roanoke City, and Salem City. The AA consists of three low-income CTs, eight moderate-income CTs, 23 middle-income CTs, and 12

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<sup>1</sup> This rating reflects performance within the state.



upper-income CTs. The bank operates a full-service branch in an upper-income CT in Roanoke City and a full-service branch in a middle-income CT in Roanoke County.

The following table provides a summary of the demographics that includes housing and business information for the Virginia Non-MSA AA.

### Virginia Non-MSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Virginia Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	22	0.0	18.2	68.2	13.6	0.0
Population by Geography	83,228	0.0	17.7	74.6	7.7	0.0
Housing Units by Geography	42,791	0.0	18.7	73.8	7.4	0.0
Owner-Occupied Units by Geography	25,303	0.0	17.2	73.8	9.0	0.0
Occupied Rental Units by Geography	9,368	0.0	22.0	73.5	4.5	0.0
Vacant Units by Geography	8,120	0.0	19.7	74.4	5.9	0.0
Businesses by Geography	5,857	0.0	17.4	77.7	4.9	0.0
Farms by Geography	524	0.0	9.7	85.3	5.0	0.0
Family Distribution by Income Level	22,807	21.5	19.1	21.1	38.3	0.0
Household Distribution by Income Level	34,671	26.0	16.0	17.9	40.1	0.0
Median Family Income Non-MSAs – VA		\$51,647	Median Housing Value			\$118,283
			Median Gross Rent			\$568
			Families Below Poverty Level			12.8%
Source: 2015 ACS and 2020 D&B Data. Due to rounding, totals may not equal 100.0%						
(*) The NA category consists of geographies that have not been assigned an income classification.						

As stated under the “Description of Institution,” full-service banking is provided at the main office and at each branch, which includes drive through and lobby services. Skyline offers a variety of deposit products to meet consumer and commercial banking needs. The automated Telephone Banking system is available to all customers 24 hours a day, and offers a full array of services including the ability to retrieve balances and transfer funds. The bank’s Internet Banking system allows customers to retrieve balances, transfer funds, print statements, e-mail the bank, access account histories, view check images, and utilize bill payment services.

According to the FDIC’s Summary of Deposits as of June 30, 2021, there are 13 FDIC-insured institutions operating 37 branches throughout the bank's Virginia Non-MSA AA. Skyline ranked first with 26.04 percent of the deposit market share in the AA. Carter Bank & Trust ranked second with 21.65 percent of the deposit market share in the AA. Truist Bank ranked third with 12.26 percent of the deposit market share in the AA.

Competition for mortgage loans is strong and includes local commercial and savings banks, branches of larger regional and nationwide banks, and national mortgage lenders. Based on the most recent 2021 Peer Mortgage Data, there were 193 lending institutions within the AA competing for mortgage applications. The top four lenders, with combined market share of 30.88 percent by count, are Alcova Mortgage, LLC, Rocket Mortgage, Atlantic Bay Mortgage Group, and Truliant Federal Credit Union. Skyline ranked 11th with market share of 2.70 percent.

### **Employment and Economic Factors**

The primary economic drivers in the Virginia Non-MSA AA area are Manufacturing, Healthcare and Social Assistance, and Accommodation and Food Services. According to the Virginia Employment Commission, leading employers in the AA as of December 31, 2021, are Carroll County School Board and Parkdale Mills, Inc. in Carroll County; Floyd County School Board and Wall Residences in Floyd 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 Walmart in the city of Galax.

The AA experienced high unemployment rates during the evaluation period, particularly in 2020 due to the COVID-19 Pandemic. According to U.S. Bureau of Labor Statistics (BLS) annual unemployment rates ranged from a high of 19.0 percent in April 2020 to a low of 2.0 percent in December 2021. The U.S. BLS reported annual unemployment rates in 2019, 2020, 2021 for Carroll County as 3.5, 8.2, and 4.1 percent; for Grayson County as 2.9, 5.7, and 3.4 percent; for Wythe County as 3.5, 7.7, and 4.0 percent; and for city of Galax as 3.2, 7.7, and 4.1, respectively. Overall, in comparison, the unemployment rates in the AA were below the state and national unemployment rates. The Virginia statewide annual unemployment rates for 2019, 2020, and 2021 were 2.8, 6.2, and 3.9 percent, respectively. The national annual unemployment rates for 2019, 2020, and 2021 were 3.7, 8.1, and 5.4 percent, respectively.

### **Housing**

The 2015 ACS U.S. Census data reported single family homes make up most of the housing stock in the AA, with 77.55 percent of the homes consisting of one-unit, detached dwellings. Total rental occupied units are 21.89 percent, and multi-family units accounted for 5.22 percent of the housing stock. The median housing value in the AA was \$118,283 for the evaluation period and the median gross rent was \$568 per month.

Homeownership in LMI geographies may be difficult due to high median housing prices compared to median family income. According to the 2015 ACS U.S. Census, the median housing value in the AA was \$118,283. The 2015 ACS U.S. Census reported the median family income for the AA was \$51,647, which would result in a low-income household annual income below \$25,823, and moderate-income household annual income between \$25,823 and \$41,312. These income levels may make it difficult to afford housing at the median housing value in the AA for LMI borrowers.

## **Community Contacts**

Three community contacts were reviewed in the Virginia AAs as part of the performance evaluation to determine each AA's credit and development needs. Community contacts included organizations primarily focused on affordable housing. The contact in the Virginia Non-MSA AA stated that the key need in the area is affordable rental housing and home ownership. The contact in the Blacksburg-Christiansburg VA MSA AA stated that the biggest challenge in the area is the need for affordable housing. The contact in the Roanoke VA MSA AA stated that there is a great need for affordable housing in the area.

## **Scope of Evaluation in Virginia**

The Virginia Non-MSA AA received a full-scope review. The AA accounts for 57.2 percent of loans, 73.3 percent of branches, and 87.8 percent of deposits in the state of North Carolina throughout the evaluation period. The Blacksburg-Christiansburg VA MSA, and Roanoke VA MSA AAs, received a limited scope review. The bank maintains a small presence in these markets, with a deposit market share of less than one percent in each respective AA, according to the FDIC Summary of Deposits Market Share Report as of June 30, 2021. We identified home mortgage and small business lending as the primary products in the bank's AAs. We reviewed HMDA information and a sample of small business loans to evaluate lending test performance.

## **Conclusions in Respect to Performance Tests in Virginia**

### **Lending Test**

The bank's performance under the Lending Test in Virginia is rated Outstanding.

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

Based on a full-scope review, the bank's lending performance in the state of Virginia is excellent.

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

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

### **Home Mortgage Loans**

Refer to Table O 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 geographic distribution of home mortgage loans is excellent. The percentage of home mortgage loans to borrowers in moderate-income CTs exceeded the percent of owner-occupied housing units and was greater than aggregate lending. There are no low-income CTs located within the AA.

### **Small Loans to Businesses**

Refer to Table Q in the state of Virginia section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to business loans is excellent. The percentage of loans in moderate-income CTs exceeded the percentage of businesses located within the moderate-income CTs and was greater than aggregate lending. There are no low-income CTs located within the AA.

### **Lending Gap Analysis**

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

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

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

### **Home Mortgage Loans**

Refer to Table P 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 borrower distribution of home mortgage loans reflects reasonable distribution among borrowers of different income levels. The percentage of home mortgage loans to low-income borrowers was below the percent of low-income families and exceeded aggregate lending to low-income families. The percentage of home mortgage loans to moderate-income borrowers was below the percent of moderate-income families and aggregate lending to moderate-income families.

When assessing performance, examiners considered the affordability of housing for low-, and moderate-income borrowers in the AA due to demographic constraints. As stated in the "Description of Institution's Operations in Virginia," low-, and moderate-income borrowers may have difficulty qualifying for home mortgage loans due considering median family income for these income levels and the median housing value.

### **Small Loans to Businesses**

Refer to Table R in the state of Virginia section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The distribution of small loans to businesses by revenue is reasonable. The percentage of small business loans was below the percentage of small businesses but exceeded the aggregate percentage of all lenders. Table R reported that the bank originated 48.3 percent of loans to small businesses where revenues were not available due to the inclusion of the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) loans as Skyline did not rely on revenue information as part of their origination of PPP loans. This information was considered in context in evaluating the overall performance.

### **Responses to Complaints**

Skyline did not receive any complaints about its performance in helping to meet credit needs in the state of Virginia during the evaluation period.

### **Conclusions for Areas Receiving Limited Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Lending Test in the Blacksburg-Christiansburg, VA MSA, and Roanoke VA MSA AAs are consistent with the bank's overall performance under the Lending Test in the full scope area.

## **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 exhibits reasonable responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for CD in the bank's AAs.

### **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, including multifamily loans that also qualify as CD loans.

<b>Community Development Loans</b>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Virginia Non-MSA	6	100	2,106	100

Skyline originated six CD loans totaling \$2.1 million benefitting the Virginia Non-MSA AA during the evaluation period. These loans represent 2.49 percent of tier one capital. The bank's CD lending supported economic development, an organization providing community services to LMI

individuals and families, and revitalization and stabilization of LMI areas. Examples of CD loans in the AA include:

- A loan in the amount of \$940 thousand to repair and improve water and sewer system for LMI geographies in the AA.
- A loan totaling \$250 thousand to provide operating funds to a non-profit organization that provides counseling, housing, and employment to men who suffer from alcohol and substance abuse.
- A loan totaling \$193 thousand to a non-profit organization that promotes economic development in LMI CTs by providing business planning, marketing, financial analysis, access to capital, business start-up and other specialized services.

### Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Virginia Non-MSA	0	0	26	26,500	26	100	26,500	100	0	0

\* *Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.*

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

Skyline donated \$26.5 thousand during the evaluation period to 26 eligible community service organizations. A majority of the donations were made to organizations that provide food and housing assistance to LMI families. The bank also donated to a non-profit organization that provides financial literacy for students located in a rural and distressed area.

### 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, eight bank employees held leadership positions at qualifying organizations, commensurate with their bank job, to benefit LMI families or small business owners. Bank employees volunteered approximately 800 hours to nine organizations primarily focused on economic development and community services to qualified LMI families in the AA. Examples of qualified CD services include:

- An employee served as the president of a nonprofit organization dedicated to promoting and serving regional businesses and community services through advocacy, economic development, education, and community engagement in distressed and underserved areas. The employee performed approximately 450 hours of service for the organization during the evaluation period.

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\* *'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.*

- An employee served on the board of an organization that provides food to LMI families in need and are located in a rural and underserved area. The employee performed approximately 72 hours of service for the organization during the evaluation period.

### **Conclusions for Areas Receiving Limited Scope Reviews**

Based on limited-scope reviews, the bank's performance under the CD Test in the Blacksburg-Christiansburg MSA, and Roanoke VA MSA AAs is weaker than the bank's overall performance under the CD Test in the full scope area. The bank provided no CD services, nor originated CD loans or CD investments in the AA during the evaluation period. Skyline has a small presence in the markets, with two branches in each AA representing less than 10 percent of the bank's total deposit market share.

## State Rating

### State of North Carolina

**CRA rating for the State of North Carolina:** Outstanding

**The Lending Test is rated:** Outstanding

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

The major factors that support this rating include:

- The bank exhibits excellent geographic distribution of loans in the state.
- The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses of different sizes.
- CD activities, including CD loans, qualified investments, and CD services, reflect reasonable responsiveness to the CD needs of the bank's AA.

### Description of Institution's Operations in North Carolina

Skyline has three AAs in the state of North Carolina. These AAs include the North Carolina Non-MSA, Winston Salem, NC MSA, and Hickory-Lenoir-Morganton NC MSA AAs. Skyline has nine branches in the state of North Carolina. Two of the branches are located in moderate-income tracts, six are located in middle-income tracts, and one is located in an upper-income tract. Ten middle-income tracts are designated as distressed or underserved due to high poverty rates and remote rural geographies. There are no low-income CTs. The AAs do not arbitrarily exclude any low- or moderate-income areas.

The Winston-Salem, NC MSA AA includes Davie and Yadkin counties. The AA consists of three moderate-income CTs, nine middle-income CTs, and two upper-income CTs. This AA has no low-income CTs. The bank operates two full-service branches in middle-income CTs in Yadkin and Davie counties.

The Hickory-Lenoir-Morganton, NC MSA AA includes Caldwell and Catawba counties. The AA consists of eight moderate-income CTs, 30 middle-income CTs, and 10 upper-income CTs. This AA has no low-income CTs. The bank operates two full-service branches in a middle-income CTs in Caldwell and Catawba counties and one full-service branch in an upper-income CT in Caldwell County.

### North Carolina Non-MSA AA

The bank's North Carolina Non-MSA AA is located in Northwest North Carolina, west of Winston-Salem, NC. This AA consists of Alleghany, Ashe, Watauga, and Wilkes Counties. According to the FDIC Summary of Deposits Market Share Report as of June 30, 2021, Skyline ranked seventh out of 15 competitor institutions in the AA, with Skyline holding 4.52 percent of the total deposit market share. Truist Bank was the first in market share with 21.68 percent. Wells Fargo Bank, N.A. was second in market share with 16.65 percent.



The following table provides a summary of the demographics that includes housing and business information for the North Carolina Non-MSA AA.

Table A – Demographic Information of the Assessment Area						
Assessment Area: North Carolina Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	36	0.0	13.9	55.6	30.6	0.0
Population by Geography	159,211	0.0	9.9	63.4	26.7	0.0
Housing Units by Geography	91,323	0.0	8.8	57.8	33.4	0.0
Owner-Occupied Units by Geography	44,483	0.0	9.4	64.5	26.2	0.0
Occupied Rental Units by Geography	19,491	0.0	11.4	57.6	31.0	0.0
Vacant Units by Geography	27,349	0.0	6.0	47.0	47.0	0.0
Businesses by Geography	11,321	0.0	12.8	54.0	33.2	0.0
Farms by Geography	674	0.0	8.0	65.1	26.9	0.0
Family Distribution by Income Level	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		\$47,217	Median Housing Value			\$171,652
			Median Gross Rent			\$713
			Families Below Poverty Level			15.0%
Source: 2015 ACS and 2020 D&B Data						
Due to rounding, totals may not equal 100.0%						
(*) The NA category consists of geographies that have not been assigned an income classification.						

According to 2015 ACS U.S. Census data, the AA consisted of five moderate-income, 20 middle-income, and 11 upper-income CTs. Ten of the 20 middle-income tracts are categorized as distressed or underserved geographies. Specifically, middle-income CTs in Watauga County, NC, are designated as distressed due to high poverty rates; middle-income CTs in Alleghany County, NC, are designated as distressed and underserved due to high poverty rates and remote rural geographies; and middle-income CTs in Ashe County, NC, are designated as distressed and underserved due to remote rural geographies.

According to North Carolina Department of Commerce, the primary industries in northwest North Carolina are Retail Trade, Health Care and Social Assistance, Manufacturing and Education Services. The largest employers for the AA were Alleghany County Board of Education, Parkdale Mills, Inc., Ashe County Board of Education, American Emergency Vehicles, Appalachian State University, Appalachian Regional Healthcare Systems, Tyson Farms, Inc., Wilkes County Board of Education, and Lowes Home Centers, Inc.

Competition for mortgage loans is strong and includes local commercial and savings banks, branches of larger regional and nationwide banks, and national mortgage lenders. Based on the most recent 2021 Peer Mortgage Data, there were 359 lending institutions within the AA competing for mortgage applications. The top four lenders, with combined market share of 33.92

percent by count, are State Employees' Credit Union, Rocket Mortgage, Truist Bank, and Wells Fargo Bank, N.A. Skyline ranked 20th with market share of 1.02 percent.

The AA experienced high unemployment rates during the evaluation period, particularly in 2020. According to U.S. BLS, annual unemployment rates ranged from a high of 14.9 percent for Watauga County in April 2020 to a low of 2.3 percent for Watauga County in December 2021. The U.S. BLS reported unemployment rates in 2019, 2020, 2021 for Alleghany County as 4.7, 7.2, and 4.6 percent; for Ashe County as 3.6, 6.2, and 4.0 percent; for Watauga County as 3.4, 6.3, and 3.7 percent; and for Wilkes County as 3.9, 6.7, and 4.7, respectively. Overall, in comparison, the unemployment rates in the AA were below the state and national unemployment rates. The North Carolina statewide annual unemployment rates for 2019, 2020, and 2021 were 3.8, 7.2, and 4.8 percent, respectively. The national annual unemployment rates for 2019, 2020, and 2021 were 3.7, 8.1, and 5.4 percent, respectively.

## **Housing**

The 2015 ACS U.S. Census data reported single family homes make up most of the housing stock in the AA, with 72.92 percent of the homes consisting of one-unit, detached dwellings. Total rental occupied units are 21.34 percent, and multi-family units accounted for 8.70 percent of the housing stock. The median housing value in the AA was \$171,652 for the evaluation period and the median gross rent was \$713 per month.

Homeownership in LMI geographies may be difficult due to high median housing prices compared to median family income. According to the 2015 ACS U.S. Census, the median housing value in the AA was \$171,652. The 2015 ACS U.S. Census reported the median family income for the AA was \$47,217, which would result in a low-income household annual income below \$23,608, and moderate-income household annual income between \$23,608 and \$37,766. These income levels may make it difficult to afford housing at the median housing value in the AA for LMI borrowers.

## **Community Contacts**

Four community contacts were reviewed in the North Carolina AAs as part of the performance evaluation to determine each AA's credit and development needs. Community contacts included organizations primarily focused on affordable housing, economic development, and community services. The contact in the North Carolina Non-MSA AA, stated that there are plenty of opportunities for banks to support several community needs, including financial education, youth development, and family development.

## **Scope of Evaluation in North Carolina**

The North Carolina Non-MSA AA received a full-scope review. The AA accounts for 71 percent of loans, 44.4 percent of branches, and 65.8 percent of deposits in the state of North Carolina throughout the evaluation period. We identified home mortgage and small business lending as the primary products in the bank's AAs.

The Winston Salem, NC MSA, and Hickory-Lenoir-Morganton NC MSA AAs received a limited scope review. The bank maintains a small presence in these markets, with a deposit market share of less than one percent in each AA, according to the FDIC Summary of Deposits Market Share Report as of June 30, 2021.

## **Conclusions in Respect to Performance Tests in North Carolina**

### **Lending Test**

The bank's performance under the Lending Test in North Carolina is rated Outstanding.

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

Based on a full-scope review, the bank's lending performance in the state of North Carolina is excellent.

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

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

### **Home Mortgage Loans**

Refer to Table O in the state of North Carolina 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 geographic distribution of the bank's home mortgage loans is excellent. The percentage of home mortgage loans to borrowers in moderate-income CTs exceeded the percent of owner-occupied housing units and the percentage of aggregate lending. There are no low-income CTs located within the AA.

### **Small Loans to Businesses**

Refer to Table Q in the state of North Carolina section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The distribution of the bank's small business loans is excellent. The percentage of loans in moderate-income census tracts exceeded the percentage of businesses located within the moderate-

income census tracts and the percentage of aggregate lending. There are no low-income CTs located within 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 and businesses of different sizes, given the product lines offered by the bank.

### **Home Mortgage Loans**

Refer to Table P in the state of North Carolina 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 borrower distribution of home mortgage loans reflects reasonable distribution among borrowers of different income levels. The percentage of home mortgage loans to low-income borrowers was below the percent of low-income families and exceeded aggregate lending to low-income families. The percentage of home mortgage loans to moderate-income borrowers was below the percent of moderate-income families and exceeded aggregate lending to moderate-income families.

When assessing performance, examiners considered the affordability of housing for low-, and moderate-income borrowers in the AA due to demographic constraints. As stated in the "Description of Institution's Operations in North Carolina," low-, and moderate-income borrowers may have difficulty qualifying for home mortgage loans due considering median family income for these income levels and the median housing value.

### **Small Loans to Businesses**

Refer to Table R in the state of North Carolina section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The distribution of loans to businesses by revenue is reasonable. The percentage of small business loans was below the percentage of small businesses, but exceeded the aggregate percentage of all lenders. Table R reported that the bank originated 40.7 percent of loans to small businesses where revenues were not available due to the inclusion of SBA PPP loans as Skyline did not rely on revenue information as part of their origination of PPP loans. This information was considered in context in evaluating the overall performance.

### **Responses to Complaints**

Skyline did not receive any complaints about its performance in helping to meet credit needs in North Carolina during the evaluation period.

## Conclusions for Areas Receiving Limited Scope Reviews

Based on a limited-scope review, the bank's performance under the Lending Test in the Hickory-Lenoir-Morganton NC MSA AA is weaker than with the bank's overall performance under the Lending Test in the full scope area. However, this did not impact the overall conclusion as the bank's presence in this market is small.

Based on a limited-scope review, the bank's performance under the Lending Test in the Winston Salem NC MSA AA, is consistent with the bank's overall performance under the Lending Test in the full scope area.

## Community Development Test

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

## Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, 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 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, including multifamily loans that also qualify as CD loans.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
North Carolina Non-MSA	15	100	701	100

Skyline originated 15 CD loans totaling \$701 thousand benefiting the North Carolina Non-MSA AA during the evaluation period. The bank's CD lending supported economic development organizations providing community services to LMI individuals and families, and the development and retention of an affordable housing property. Examples of CD loans in the AA include:

- A loan totaling \$335.3 thousand to refinance the purchase of a 30-unit affordable housing project for LMI families in the AA.
- A loan totaling \$183.9 thousand to purchase an emergency management vehicle and an emergency medical service vehicle for a county that benefits a distressed or underserved area.

- Eight loans totaling \$50.3 thousand facilitated via the Miles Job Opportunity Base fund, to provide start-up money for small businesses in LMI, distressed, and underserved CTs in the AA.

### Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
North Carolina Non-MSA	0	0	21	68	21	87.5	68	89.5	0	0

\* *Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.*

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

Skyline donated \$76 thousand during the evaluation period to eligible community service organizations in the North Carolina Non-MSA AA. The bank did not purchase any qualified investments in this AA during the evaluation period. A majority of the donations were made to organizations primarily focused on revitalization activities and community services to qualified LMI families in the AA. The bank also donated to a non-profit organization that provides shelter to individuals in low-income areas. Examples of qualified CD donations in this AA include:

- The bank donated \$16 thousand each year during the evaluation period to a hospital located in a moderate-income area to improve and expand the hospital's facility.
- The bank donated \$2.5 thousand to a local community service organization that provides food to families in need and is located in moderate-income, underserved, and distressed areas.

### 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, five bank employees held leadership positions at qualifying organizations, commensurate with their bank job, to benefit LMI families or small business owners. Bank employees volunteered approximately 400 hours to eight organizations primarily focused on community services to qualified LMI families in the AA and economic development. Examples of qualified CD services include:

- An employee served as the chairman of the finance committee for a nonprofit organization dedicated to providing community services through dental services for families located in moderate-income geographies. The employee performed approximately 30 hours of service for the organization during the evaluation period.
- An employee served on the board of an organization that provides start-up money to local people to obtain financing for fund start-up expenses for small businesses in moderate-income, distressed, and underserved areas. The employee performed approximately 140 hours of service for the organization during the evaluation period.

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\* *'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.*

## **Conclusions for Areas Receiving Limited Scope Reviews**

Based on limited-scope reviews, the bank's performance under the CD Test in the Hickory-Lenoir-Morganton NC MSA, and Winston Salem, NC MSA AAs, is consistent with the bank's overall performance under the CD Test in the full scope area. Skyline has a small presence in these markets, with two branches in the Winston Salem NC MSA AA, representing less than 10 percent of the bank's total deposit market share, and three branches in the Hickory-Lenoir-Morganton NC MSA AA, representing less than three percent of the bank's total deposit market share. At least one of the branches in the Hickory-Lenoir-Morganton NC MSA AA is located near to a moderate-income census tract.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed:</b>	01/01/2019-12/31/2021	
<b>Bank Products Reviewed:</b>	Lending Test: Home Mortgage and Small Business loans CD Test: CD loans, Qualified Investments, and CD Services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	Not applicable	Not applicable
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>Virginia</b>		
Virginia Non-MSA	Full-scope	All census tracts of Galax city and Carroll, Grayson, Floyd, and Wythe counties
Blacksburg-Christiansburg VA MSA	Limited-scope	All census tracts of Radford city and Montgomery and Pulaski counties
Roanoke VA MSA	Limited-scope	All census tracts of Roanoke county and Roanoke and Salem cities
<b>North Carolina</b>		
North Carolina Non-MSA	Full-scope	All census tracts of Alleghany, Ashe, Watauga, and Wilkes counties
Winston-Salem NC MSA	Limited-scope	All census tracts of Davie and Yadkin counties
Hickory-Lenoir-Morganton NC MSA	Limited-scope	All census tracts of Caldwell and Catawba counties



## Appendix B: Summary of State Ratings

RATINGS SKYLINE NATIONAL BANK			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank / State/ Rating
<b>Skyline National Bank</b>	<b>Outstanding</b>	<b>Satisfactory</b>	<b>Outstanding</b>
State:			
<b>Virginia</b>	<b>Outstanding</b>	<b>Satisfactory</b>	<b>Outstanding</b>
<b>North Carolina</b>	<b>Outstanding</b>	<b>Satisfactory</b>	<b>Outstanding</b>

## 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 investments, and branch distribution).

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

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

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

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

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

**Metropolitan Statistical Area:** 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

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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/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

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

**Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

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

**Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because accurate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.

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

Table O - Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2019-21		
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate		
Blacksburg VA MSA	148	49,030	28.4	5,622	0.0	0.0	0.0	1.3	4.7	3.1	72.7	71.6	64.0	25.3	23.0	31.9	0.7	0.7	0.9		
VA Non-MSA	331	54,745	63.5	3,015	0.0	0.0	0.0	19.4	30.8	17.2	80.6	69.2	82.8	0.0	0.0	0.0	0.0	0.0	0.0		
Roanoke VA MSA	42	6,778	8.1	10,833	2.1	2.4	1.8	14.4	23.8	12.4	50.2	52.4	49.9	33.3	21.4	36.0	0.0	0.0	0.0		
Total	521	110,553	100.0	19,470	1.0	0.2	1.0	12.2	22.8	10.5	63.8	68.5	59.1	22.8	8.3	29.2	0.2	0.2	0.3		
Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																					

Table P - Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																		2019-21	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Blacksburg VA MSA	148	49,030	28.4	5,622	18.4	3.4	6.0	17.4	4.7	17.2	21.0	6.1	19.4	43.2	31.1	38.8	0.0	54.7	18.6
VA Non-MSA	331	54,745	63.5	3,015	22.6	7.6	5.9	20.3	13.6	19.6	21.8	17.5	21.9	35.3	40.5	38.5	0.0	20.8	14.2
Roanoke VA MSA	42	6,778	8.1	10,833	20.0	4.8	9.5	17.4	4.8	22.4	22.5	14.3	19.4	40.2	19.0	28.9	0.0	57.1	19.7
Total	521	110,553	100.0	19,470	20.2	6.1	8.0	18.1	10.4	20.5	21.9	14.0	19.8	39.8	36.1	33.2	0.0	33.4	18.5
Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																			

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																	2019-21		
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
VA Non MSA	58	4,637	100.0	1,069	0.0	0.0	0.0	17.4	31.0	14.2	77.7	69.0	82.5	4.9	0.0	3.3	0.0	0.0	0.0
<b>Total</b>	<b>58</b>	<b>4,637</b>	<b>100.0</b>	<b>1,069</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>17.4</b>	<b>31.0</b>	<b>14.2</b>	<b>77.7</b>	<b>69.0</b>	<b>82.5</b>	<b>4.9</b>	<b>0.0</b>	<b>3.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Source: 2015 ACS ; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																	2019-21		
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Blacksburg VA MSA	11	900	61.1	1,839	0.0	0.0	0.0	2.0	0.0	1.8	66.8	36.4	71.4	29.3	63.6	25.1	2.0	0.0	1.7
Roanoke VA MSA	7	325	38.9	4,894	3.6	0.0	4.6	11.4	0.0	10.1	53.6	57.1	53.0	31.4	42.9	32.2	0.0	0.0	0.0
<b>Total</b>	<b>18</b>	<b>1,225</b>	<b>100.0</b>	<b>6,733</b>	<b>2.4</b>	<b>0.0</b>	<b>3.4</b>	<b>8.4</b>	<b>0.0</b>	<b>7.9</b>	<b>57.9</b>	<b>44.4</b>	<b>58.0</b>	<b>30.7</b>	<b>55.6</b>	<b>30.3</b>	<b>0.6</b>	<b>0.0</b>	<b>0.5</b>
Source: 2015 ACS ; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			



Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										2019-21	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank	Aggregate	% Businesses	% Bank	% Businesses	% Bank
VA Non MSA	58	\$4,637	100	1,069	83.6	46.6	46.4	5.2	5.2	12.6	48.3
<b>Total</b>	<b>58</b>	<b>\$4,637</b>	<b>100</b>	<b>1,069</b>	<b>83.6</b>	<b>46.6</b>	<b>46.4</b>	<b>3.8</b>	<b>5.2</b>	<b>12.6</b>	<b>48.3</b>
Source: 2015 ACS ; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0											

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										2019-21	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Blacksburg VA MSA	11	900	61.1	1,839	83.1	54.6	46.9	4.2	36.4	12.7	9.1
Roanoke-VA MSA	7	325	38.9	4,894	84.2	71.4	40.8	4.6	0.0	11.2	28.6
<b>Total</b>	<b>18</b>	<b>1,225</b>	<b>100.0</b>	<b>6,733</b>	<b>83.9</b>	<b>61.1</b>	<b>42.4</b>	<b>4.5</b>	<b>22.2</b>	<b>11.7</b>	<b>16.7</b>
Source: 2015 ACS ; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0											

Table O - Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																		2019-21		
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Hickory Lenoir Morganton NC MSA	54	12,777	17.3	11,649	0.0	0.0	0.0	12.0	18.5	10.1	63.8	64.8	57.2	24.2	16.7	32.7	0.0	0.0	0.0	
NC Non-MSA	220	48,506	70.5	6,839	0.0	0.0	0.0	9.4	16.4	6.5	64.5	59.1	48.1	26.2	24.5	45.4	0.0	0.0	0.0	
Winston Salem NC MSA	38	6,333	12.2	3,562	0.0	0.0	0.0	22.5	15.8	15.1	57.5	84.2	59.4	20.0	0.0	25.5	0.0	0.0	0.0	
Total	312	67,615	100.0	22,050	0.0	0.0	0.0	13.0	16.7	9.8	62.9	63.1	54.8	24.1	20.2	35.5	0.0	0.0	0.0	
Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																				

Table P - Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																	2019-21		
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Hickory Lenoir Morganton NC MSA	54	12,777	17.3	11,649	19.9	1.9	5.1	18.3	5.6	17.1	21.0	11.1	19.6	40.9	16.7	41.3	0.0	64.8	16.9
NC Non-MSA	220	48,506	70.5	6,839	22.0	8.2	2.1	17.6	10.5	10.2	20.0	15.0	15.4	40.4	35.9	61.1	0.0	30.5	11.1
Winston Salem NC MSA	38	6,333	12.2	3,562	21.4	18.4	5.4	19.4	7.9	16.9	21.8	10.5	21.0	37.4	26.3	43.8	0.0	36.8	12.9
Total	312	67,615	100.0	22,050	20.9	8.3	4.2	18.2	9.3	14.9	20.8	13.8	18.5	40.1	31.4	47.9	0.0	37.2	14.4
Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																			

<b>Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography</b>																	<b>2019-21</b>		
<b>Assessment Area:</b>	<b>Total Loans to Small Businesses</b>				<b>Low-Income Tracts</b>			<b>Moderate-Income Tracts</b>			<b>Middle-Income Tracts</b>			<b>Upper-Income Tracts</b>			<b>Not Available-Income Tracts</b>		
	<b>#</b>	<b>\$</b>	<b>% of Total</b>	<b>Overall Market</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>
Hickory-Lenoir-Morganton NC MSA	7	1,183	36.6	4,567	0.0	0.0	0.0	17.7	0.0	20.4	51.4	85.7	47.4	30.9	14.3	32.2	0.0	0.0	0.0
Winston Salem NC MSA	13	2,053	63.4	1,564	0.0	0.0	0.0	17.1	38.5	16.8	59.5	46.2	58.0	23.4	15.4	25.2	0.0	0.0	0.0
<b>Total</b>	<b>20</b>	<b>3,236</b>	<b>100.0</b>	<b>6,131</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>17.5</b>	<b>25.0</b>	<b>19.5</b>	<b>53.4</b>	<b>60.0</b>	<b>50.1</b>	<b>29.1</b>	<b>15.0</b>	<b>30.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Source: 2015 ACS ; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										2019-21	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank	% Businesses	% Bank
NC Non-MSA	54	4,043	100.0	3,161	85.7	48.2	43.1	4.1	11.1	10.2	40.7
Total	54	4.043	100.0	3,161	85.7	48.2	43.1	4.1	11.1	10.2	40.7
Source: 2015 ACS ; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0											

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										2019-21	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank	Aggregate	% Businesses	% Bank	% Businesses	% Bank
Hickory-Lenoir-Morganton NC MSA	7	1,183	36.6	4,567	83.0	42.9	36.0	5.7	0.0	11.3	57.1
Winston Salem NC MSA	13	2,053	63.4	1,564	87.5	38.5	41.4	3.5	7.7	9.0	53.9
<b>Total</b>	<b>20</b>	<b>3,236</b>	<b>100.0</b>	<b>6,131</b>	<b>84.1</b>	<b>40.0</b>	<b>37.4</b>	<b>5.1</b>	<b>5.0</b>	<b>10.8</b>	<b>55.0</b>
Source: 2015 ACS ; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "---" data not available. Due to rounding, totals may not equal 100.0											