



PUBLIC DISCLOSURE

April 1, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

SONABANK

GLEN ALLEN, VIRGINIA

**Federal Reserve Bank of Richmond
Richmond, Virginia**

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, nor should it 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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3325759

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P. O. Box 27622
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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

INSTITUTION'S CRA RATING: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered more than reasonable given bank capacity and the demand for credit within its assessment areas.
- A majority of the institution's Home Mortgage Disclosure Act (HMDA) and small business loans were originated within the bank's assessment areas.
- The bank's borrower distribution performance is considered reasonable for the Commonwealth of Virginia and very poor for the multistate area. Overall, it is considered reasonable for the institution given the larger portion of the bank's loan and deposit activity within Virginia.
- The bank's geographic distribution performance is considered reasonable in Virginia and poor in the multistate area. Overall, its performance is considered reasonable.
- There have been no complaints regarding the bank's Community Reinvestment Act (CRA) performance since the previous evaluation.
- The bank's level of community development loans, investment, and services is considered adequate overall in meeting local community development needs.

SCOPE OF EXAMINATION

Sonabank (Sona) was evaluated using the interagency examination procedures for intermediate-small banks developed by the Federal Financial Institutions Examination Council (FFIEC). While the bank has crossed the asset size threshold to be considered a large bank as of January 1, 2019, it cannot be examined under the large bank examination procedures until it has collected at least one full year of CRA loan data.

Because Sona is required to report certain information regarding its home mortgage lending in accordance with the HMDA, the bank's 2016 and 2017 HMDA loans were considered in the evaluation. Small business loans were also identified as a significant product line and considered in the evaluation. The analysis included the universe of small business loans (146) originated by the bank during a six-month period from June 23, 2017 – December 31, 2017.

Throughout the analysis, loans without a reported income (in the case of borrower distribution) and loans where the reported geographic information is incomplete (in the case of geographic distribution) are excluded from both bank loan totals and comparative aggregate lending totals.

Qualified community development loans and services originated or performed since the previous evaluation (July 06, 2015) were considered in the evaluation's Community Development Test. Additionally, all qualified investments made during this time period and those outstanding as of the date of this evaluation, regardless of when made, were also considered. To help determine the availability of community development opportunities in specific assessment areas, the CRA public evaluations of other financial institutions operating in these areas were reviewed. Also, in some markets, discussions with members of the community were held to discern information about local economic conditions, credit needs, performance of banks, and potential community development opportunities.

The bank currently serves eight assessment areas located in the District of Columbia, Maryland, and Virginia. Based upon branch locations, relative market size as determined by loan activity, proportion of bank deposits, and market population, full scope evaluation procedures were applied to the following four assessment areas:

- Washington-Arlington-Alexandria, DC-VA-MD-WV MSA
- Richmond, VA MSA
- Virginia Beach-Norfolk-Newport News, VA MSA
- Essex, VA NonMSA

Based on the bank's branch locations, an overall rating and ratings for the Lending and Community Development Tests are required for the institution, the Commonwealth of Virginia (based on performance in the full-scope assessment areas reviewed), and the multistate Washington-Arlington-Alexandria, DC-VA-MD-WV MSA assessment area.

The bank's remaining four assessment areas in the Commonwealth of Virginia were evaluated utilizing the FFIEC's limited review procedures. For these assessment areas, a determination was made as to whether performance was consistent with the assigned overall state rating. Appendix C includes information about the bank's performance in the limited scope assessment areas.

The institution's overall rating and ratings for the Lending and Community Development Tests are based on the ratings assigned to the Commonwealth of Virginia and the multistate assessment area. These ratings are weighted primarily according to bank activity as measured by relative lending volume, amount of deposits, and number of branches. Appendix D outlines bank activity by assessment area. In all cases, conclusions also take into consideration relevant performance context factors. For this evaluation, the bank's performance in the Commonwealth of Virginia is given the most weight, as a majority of the bank's loans and deposits are located within the state. According to evaluation procedures, an institution must perform at least satisfactorily under both the Lending and Community Development Tests to be rated satisfactory or better overall. While the bank's multistate area Lending Test and overall performance is rated "Needs to Improve," its Virginia performance is rated "Satisfactory" for both tests and this drives the institution's overall ratings.

DESCRIPTION OF INSTITUTION

Sona is headquartered in Tappahannock, Virginia, and operates 47 full-service branch offices in central, eastern, and northern Virginia and southern Maryland. The bank also operates three commercial loan production offices in Chesterfield, Charlottesville, and Fredericksburg, Virginia. Sona is a wholly-owned subsidiary of Southern National Bancorp of Virginia, Inc., a single bank holding company located in McLean, Virginia. The bank holds partial ownership of Southern Trust Mortgage (STM), an affiliated mortgage company that originates conventional and government sponsored mortgage loans for sale on the secondary market. Except for mortgage loans purchased by Sona, the loans originated by STM are not included in the bank's reported HMDA data and are not considered in the evaluation of the bank's lending performance. Additionally, the evaluation only considers community development activities of the bank during the review period and does not include the activities of any affiliates. The bank's previous CRA rating, dated July 06, 2015, was Satisfactory. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment areas.

As of December 31, 2018, the bank had assets totaling \$2.7 billion, of which 80% were net loans and 8.7% were securities. As of the same date, deposits totaled \$2.1 billion. Various loan and deposit products are available through the institution including loans for consumer and commercial purposes. The composition of the loan portfolio using gross loans, as of December 31, 2018, is represented in the following table.

Composition of Loan Portfolio

Loan Type	12/31/2018	
	\$ (000s)	%
Secured by 1-4 Family dwellings	693,308	31.8
Multifamily	82,516	3.8
Construction and Development	146,654	6.7
Commercial & Industrial/ NonFarm NonResidential	1,203,170	55.2
Consumer Loans and Credit Cards	31,887	1.5
Agricultural Loans/ Farmland	20,966	1.0
All Other	460	0.0
Total	2,178,961	100.0

As indicated in the preceding table, the bank's existing loan portfolio is concentrated in commercial and residential real estate loans. Small business loans (i.e. business purpose loans of \$1 million or less) are a subset of commercial and industrial loans. While residential mortgage loans are only offered through the bank's affiliate, STM, the bank does purchase and service loans originated by STM in its loan portfolio. While the bank offers additional products, such as consumer and farm loans, the volume of such lending is relatively small in comparison to commercial and residential mortgage lending.

Sona currently serves eight assessment areas, including one multistate assessment area that includes the District of Columbia and localities in Virginia, Maryland, and West Virginia. The remaining assessment areas are located within the Commonwealth of Virginia; three are located in Metropolitan Statistical Areas (MSA) and four are located in nonmetropolitan areas of the commonwealth. Appendix E reflects the composition of the bank's assessment areas.

Since the previous evaluation, the bank acquired EVB and its 26 branch offices in central and eastern Virginia. Sona adjusted its assessment area delineations as a result of the merger by establishing three new assessment areas during 2017 that include a portion of the Virginia Beach-Norfolk-Newport News, VA-NC MSA and several nonmetropolitan counties that comprise the Essex, VA and Southampton, VA NonMSA assessment areas.

The bank also opened one branch office in the Richmond, VA MSA and closed three branch offices in the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA during the review period. The branch opening was located in an upper-income census tract, while the closures were located one each in moderate-, middle-, and upper-income census tracts. This branching activity did not require adjustment of the bank's existing assessment area delineations. Appendix F reflects the bank's branching activity since the previous evaluation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

An analysis of lending during the review period is discussed in greater detail in subsequent sections of this evaluation for the assessment areas reviewed using full scope procedures. While HMDA data from calendar years 2016 and 2017 and small business loans originated during a recent six-month period were fully analyzed, only bank and aggregate data from 2017 is reflected in the assessment area analysis tables. In instances when the bank's performance during 2016 varies significantly from its performance during 2017, such variance and the corresponding impact on the overall performance is discussed.

When evaluating the bank's performance, relevant area demographic data from the 2010 and 2015 American Community Survey (ACS) is used as a proxy for demand. While ACS data is collected and published by the U.S. Census Bureau on an annual basis, the demographic data relied upon in this performance evaluation is based on ACS data that is updated once every five years. Based on its availability, ACS data from 2010 is used when evaluating the bank's lending performance during 2016, and 2015 ACS data is used in conjunction with the lending performance during 2017. Dun & Bradstreet (D&B) business data from 2017 is also considered when evaluating the bank's lending performance.

Aggregate HMDA and small business data are also used as proxies for demand when evaluating the bank's residential mortgage and small business lending performance. The aggregate data includes all lenders subject to reporting such data within the bank's assessment areas. Because Sona was not subject to data reporting for the CRA, its small business lending activity is not included in the 2017 small business aggregate loan data.

Within Sona's assessment areas, a high level of small business lending activity was reported by specialized lenders, who often originate or purchase small business loans in the form of credit cards. The loans, however, tend to be much smaller in size than traditional small business bank loans, and a substantial majority of such loans do not have revenue data reported. The presence of these lenders is reflected in a smaller market share for traditional lenders and tends to understate the percentage of aggregate lending to businesses with annual revenues of \$1 million or less. These factors were considered as an aspect of performance context when evaluating the level and distribution of small business lending.

To evaluate the borrower and geographic distribution for a specific loan category within an assessment area, primary emphasis is placed on the number (and corresponding percentage) of loans originated or purchased. To arrive at an overall assessment area level conclusion regarding the distribution of lending, performance in each loan category is then generally weighted by the strength of performance and dollar volume of such loans made in the assessment area. During 2017, Sona originated \$85.3 million in HMDA loans and an estimated \$58.1 million in small business loans within its assessment areas; however, loan volumes and product weightings vary by assessment area.

In determining overall lending distribution performance within each assessment area, more consideration was given to the bank's geographic distribution since Sona's reported HMDA data primarily consists of business purpose and purchased residential mortgage loans reported with unknown borrower incomes.

Overall, the bank's Lending Test performance is rated "Satisfactory" considering the bank's loan to-deposit ratio, level of lending in its assessment areas, and borrower and geographic distribution performance within the full scope assessment areas reviewed.

The bank's Community Development Test performance is also rated "Satisfactory" overall based on the number and amount of community development loans and qualified investments, the extent to which the bank provides community development services, and its responsiveness to identified community development needs. The components of each test are discussed in the following sections.

Loan-To-Deposit Ratio

The bank's current loan-to-deposit ratio equals 102.9% and has averaged 102.3% for the 15-quarter period ending December 31, 2018. In comparison, the quarterly average loan-to-deposit ratios of similarly sized banks operating in Sona's markets ranged from 66.1% to 106% during the same 15-quarter period. Since March 31, 2015, assets, net loans, and deposits have increased by 189%, 200.3%, and 176.3%, respectively, with the growth primarily attributed to recent merger activity. From a CRA perspective, the bank's loan-to-deposit ratio is considered more than reasonable given the institution's size, financial condition, and local credit needs.

Lending In Assessment Areas

To determine the institution's volume of lending within its assessment areas, the geographic location of the bank's HMDA and small business loans was considered. The lending distribution inside and outside of the bank's assessment areas is represented in the following table.

Comparison of Credit Extended Inside and Outside of Assessment Area(s)

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	157	58.6	68,855	54.0	111	41.4	58,584	46.0
Home Improvement	61	91.0	1,951	54.9	6	9.0	1,600	45.1
Refinancing	91	71.1	47,553	68.7	37	28.9	21,676	31.3
Multi-Family Housing	7	87.5	4,618	43.5	1	12.5	6,000	56.5
Total HMDA related	316	67.1	122,977	58.3	155	32.9	87,860	41.7
Small Business	140	95.9	29,043	98.2	6	4.1	547	1.8
TOTAL LOANS	456	73.9	152,020	63.2	161	26.1	88,407	36.8

As previously discussed, two calendar years of HMDA and a recent six month universe of small business loans were analyzed and considered in this evaluation. After accounting for this difference, a majority of both the number and dollar volume of loans were originated within the bank's assessment areas. Overall, the institution's level of lending in its assessment areas is considered responsive to community credit needs.

Lending To Borrowers of Different Incomes and To Businesses of Different Sizes

The bank's borrower distribution performance (lending to low- and moderate-income borrowers and small businesses having annual revenues of \$1 million or less) is reasonable in Virginia and very poor in the multistate metropolitan area. Sona's performance is considered reasonable overall based primarily on its performance within the full scope assessment areas of Virginia.

Geographic Distribution of Loans

The bank's geographic distribution performance (lending in low- and moderate-income census tracts) is considered reasonable in Virginia and poor in the multistate metropolitan area and reasonable. Sona's performance is considered reasonable overall with greater weight given to performance in the full scope assessment areas of Virginia.

Community Development Loans, Investments, and Services

Sona supports community development initiatives within its assessment areas and larger statewide areas by extending community development loans, making qualified investments, and providing financial expertise to local organizations that provide services to low- and moderate-income residents and small businesses.

Qualified community development activities that benefited multiple assessment areas, or the broader statewide/regional area, include the following:

- The bank holds \$13,055 equity in the Plexus Fund II, which is managed by Plexus Capital and operates as a licensed small business investment company (SBIC). SBICs are privately owned investment firms that are licensed and regulated by the Small Business Administration (SBA) and provide venture capital to small businesses that facilitate community development. The fund provides capital to middle market companies nationwide and includes investments in Virginia and Maryland companies within the bank's assessment areas.
- The bank holds a \$505,500 equity investment in the Capital South Fund III, a SBIC fund managed by Capital Investment Advisors which operates in the Washington Metropolitan area, including Virginia, Maryland, and the District of Columbia. The bank also has an unfunded commitment of \$175,000 to this fund.

- Sona holds a \$325,000 equity investment in two SBIC funds, Farragut Mezzanine Funds II and III, which provide financing to small business start-up organizations primarily within the Mid-Atlantic region, including the bank's assessment areas. The bank also has an unfunded commitment of \$925,000 to these two funds.
- A bank employee is a member of the loan committee of the Business Finance Group, a non-profit community development corporation (CDC) that promotes economic development through participation in the U.S. SBA 504 Loan Program and serves businesses in the Mid-Atlantic region, including the bank's eight assessment areas.
- A bank employee serves as a board member for the Virginia Small Business Development Authority, an organization that provides businesses, non-profits, and economic development authorities with financing to facilitate economic growth and expansion throughout the entire Commonwealth of Virginia.
- Bank employees provide financial literacy to youth in underserved areas of multiple assessment areas by participating in Teach Children to Save Day (TCTS) sponsored by the American Bankers Association (ABA) Foundation.
- The bank partners with the Federal Home Loan Bank of Atlanta to offer down payment assistance grants up to \$5,000 for first time homebuyers and \$7,500 for community partners, such as law enforcement, firefighters, education, and healthcare employees. Since the previous evaluation, the bank has assisted 169 borrowers obtain a total of \$934,000 in assistance, of which 71 totaling \$395,080 were within the bank's assessment areas.
- The bank offers Interest on Lawyer Trust Accounts (IOLTA), providing a method of raising money for the provision of legal services for low- and moderate-income individuals. As of the date of this evaluation, the bank has 76 active IOLTA accounts.
- Sona launched its Community Believers program to help non-profit organizations reach their financial goals and be successful in serving their local communities by offering free checking accounts, loan programs, and financial education services. The bank also offers regular free and low-cost checking accounts, which can benefit all area low- and moderate-income residents and small businesses.
- The bank maintains a program called Potential of Women Entrepreneurs Realized (POWER) to assist female entrepreneurs with their small business needs by offering deposit and loan products and services, networking events, and community resources to help them succeed.

Details of additional community development activities are discussed in the assessment area where the activities took place.

ASSESSMENT AREA DELINEATIONS

A review of the bank's assessment areas found that its delineations complied with the requirements of Regulation BB. Assessment area delineations included all of the bank's branches and deposit taking automated teller machines, as well as a substantial portion of the bank's lending activity within a particular market. While one of the bank's assessment area delineations includes less than an entire MSA, the delineated area contained whole political subdivisions, did not reflect illegal discrimination (e.g. through the exclusion of majority-minority census tracts), and did not arbitrarily exclude low- or moderate-income census tracts.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

COMMONWEALTH OF VIRGINIA

CRA RATING FOR COMMONWEALTH OF VIRGINIA¹: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

Major factors supporting the rating include:

- The bank's borrower distribution performance varies by product and assessment area within the commonwealth and is considered reasonable overall.
- The bank's geographic distribution performance is considered reasonable.
- An overall adequate level of community development activities were noted in the assessment areas within the commonwealth given their size and availability of opportunities.

SCOPE OF EXAMINATION

HMDA loans from calendar years 2016 and 2017, as well as small business loans originated during the six-month period from June 23, 2017 – December 31, 2017 were analyzed to determine the bank's performance regarding the borrower and geographic distributions of lending. Qualified community development loans and services were considered for activities since the previous evaluation (July 06, 2015). All qualified investments made during this same period, and those outstanding as of the evaluation, regardless of when made, were also considered.

The bank has delineated the following assessment areas in the Commonwealth of Virginia:

- Richmond, VA MSA
- Virginia Beach-Norfolk-Newport News, VA MSA
- Charlottesville, VA MSA
- Essex, VA NonMSA
- Clifton Forge, VA NonMSA
- Shenandoah, VA NonMSA
- Southampton, VA NonMSA

Three of the bank's assessment areas in the commonwealth were established following the bank's merger with EVB in June 2017 (Virginia Beach-Norfolk-Newport News, VA MSA, Essex, VA NonMSA and Southampton, VA NonMSA). Accordingly, these markets were only evaluated for performance during 2017.

On a combined basis, the Virginia assessment areas account for 57% of the bank's lending (dollar volume), 65.9% of branches and 72.8% of deposit volume. Information about loan volume, branches, and deposits are included in Appendix D. Based upon relative size and concentration of banking activities, the Richmond, VA MSA, Virginia Beach-Norfolk-Newport News, VA MSA, and Essex, VA NonMSA assessment areas were identified as the bank's primary markets within Virginia and were evaluated using the FFIEC's full-scope procedures. The remaining assessment areas were subject to the limited review procedures, and a determination was made as to whether performance exceeded, was consistent with, or below the assigned state ratings. Performance data is presented in Appendix C for the limited review assessment areas.

¹ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

As previously noted, the bank's performance within the Virginia portion of the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA assessment area is considered within that assessment area and is not considered as a factor for the Commonwealth of Virginia's performance.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN COMMONWEALTH OF VIRGINIA

The institution operates 31 branches in seven assessment areas throughout the Commonwealth of Virginia. The Richmond, VA MSA and Virginia Beach-Norfolk-Newport News, VA assessment areas account for a majority of the bank's lending activity within the Commonwealth. Within its Virginia assessment areas (which does not include the multistate MSA), Sona ranked 8th out of 50 institutions in local deposit market share by having 1.2% of the assessment area's available FDIC insured deposits as of June 30, 2018.

Based on 2010 ACS data, the Virginia assessment areas served by the bank had a total population of 1,495,741, including 370,695 families. A majority of the families are middle- and upper-income (62.1%), while low- and moderate-income families each comprise 20.2% and 17.7% of the total, respectively. Within these assessment areas, the owner-occupancy rate equals 61.6% and 7.3% of families live below the poverty level.

With the addition of three new assessment areas in 2017, and based on 2015 ACS data, the total population of the bank's Virginia assessment areas nearly doubled to 2,849,025, including 697,457 families. A majority of the families remain middle- and upper-income (61.2%), while low- and moderate-income families comprise 21% and 17.8% of the area, respectively. The owner-occupancy rate decreased to 56.5%, while families living below poverty increased to 9.1%. Area median family incomes during 2016 and 2017 are detailed in the following table.

Assessment Area	2016 Median Family Income	2017 Median Family Income
Charlottesville, VA MSA	\$77,000	\$74,100
Richmond, VA MSA	\$72,400	\$78,700
Virginia Beach-Norfolk-Newport News, VA-NC MSA (new assessment area in 2017)	-	\$73,000
Virginia Statewide Nonmetropolitan Area	\$52,300	\$53,300

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

The bank's overall rating and ratings for each test for the commonwealth is based upon performance in the full scope assessment areas reviewed, which are discussed in detail in subsequent sections of this evaluation. Based on the total dollar volume of HMDA and small business lending during 2017, as outlined in Appendix D, overall conclusions for the commonwealth are primarily based on performance in the Richmond, VA MSA, followed by the Virginia Beach-Norfolk-Newport News, VA MSA and Essex, VA NonMSA assessment areas.

Lending To Borrowers of Different Incomes and To Businesses of Different Sizes

The bank's borrower distribution performance (lending to low- and moderate- income borrowers and small businesses having annual revenues of \$1 million or less) in the commonwealth varies from poor to excellent by product and assessment area, but is considered reasonable overall.

Geographic Distribution of Loans

The bank's geographic distribution performance (lending in low- and moderate- income census tracts) is considered reasonable overall for HMDA and small business lending in the Richmond, VA MSA and Virginia Beach-Norfolk-Newport News, VA assessment areas. The Essex, VA NonMSA does not contain any low- or moderate-income census tracts. Accordingly, Sona's performance in the commonwealth is considered reasonable.

Community Development Loans, Investments, and Services

Sona supports community development initiatives and organizations that benefit its local assessment areas and larger statewide areas by making qualified investments, extending community development loans, and providing financial expertise and other support to local organizations providing community development services. Qualified community development activities that benefited multiple assessment areas in Virginia, or the broader statewide area, include the following:

- Sona holds four equity investments totaling \$1.5 million in Virginia Community Development Corporation (VCDC) Housing Equity Funds. The VCDC is a non-profit organization that provides affordable housing and economic redevelopment throughout the Commonwealth of Virginia, including areas within the bank's assessment areas.
- The bank has invested \$750,000 in one bond issued by the Virginia Housing Development Authority (VHDA). The VHDA promotes affordable housing by financing single- and multi-family mortgages for low- and moderate-income individuals throughout the Commonwealth of Virginia.
- Sona holds approximately \$2.9 million in Fannie Mae (FNMA) and Ginnie Mae (GNMA) mortgage-backed securities secured by loans to low- and moderate-income borrowers located within the bank's Richmond, VA MSA, Virginia Beach-Norfolk-Newport News, VA MSA, and Essex, VA NonMSA assessment areas.

As previously mentioned, the bank also holds \$843,555 in four qualified SBIC investments that benefit the larger statewide and regional area. In addition, several services benefit multiple assessment areas within the commonwealth, including participation with the Business Finance Group and Virginia Small Business Development Authority, employee financial literacy efforts, FHLB grant funding, and the bank's community believer and POWER programs.

Sona donated \$15,000 to Virginia's Gateway Region, a local economic development organization that serves both the Richmond, VA MSA and Southampton, VA NonMSA assessment areas. Details of additional community development activities are discussed within the assessment area where they took place.

Overall, the bank demonstrated an adequate level of responsiveness to local community development needs through its lending, investment, and service activities within the commonwealth.

METROPOLITAN AREAS

*(For metropolitan areas with some or all assessment areas
reviewed using full-scope review)*

DESCRIPTION OF INSTITUTION'S OPERATIONS IN RICHMOND, VA MSA

Sona's Richmond, VA assessment area includes the entire MSA located in central Virginia. The bank currently operates 11 branch offices in this assessment area, of which three (27.3%) are located in moderate-income census tracts. The bank ranks 8th out of 29 financial institutions in deposit market share having .8% of the area's available FDIC insured deposits as of June 30, 2018. According to aggregate HMDA data, Sona ranked 119th out of 546 lenders in reported residential mortgage lending with a <.1% market share during 2016, and 79th out of 512 lenders with a .1% market share during 2017.

According to the 2010 ACS data, the assessment area has a population of 1,208,101 and a median housing value of \$226,407. The owner-occupancy rate for the market equals 62.5%, which is slightly higher than the commonwealth's rate of 61.8%. The percentage of area families living below the poverty level in the assessment area (7.5%) is similar to the commonwealth's overall rate (7.2%). The 2016 HUD estimated median family income for the Richmond, VA MSA equaled \$72,400. No census tracts in the assessment area were classified as underserved or distressed during the review period. The following table includes relevant demographic data for the 2016 assessment area.

Assessment Area Demographics

Richmond, VA <i>(Based on 2010 ACS Data and 2016 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	29	9.8	18,735	6.2	6,485	34.6	61,148	20.4
Moderate	74	25.1	60,455	20.1	7,104	11.8	54,122	18.0
Middle	102	34.6	114,588	38.1	6,196	5.4	63,400	21.1
Upper	86	29.1	106,690	35.6	2,654	2.5	121,798	40.5
NA	4	1.4	0	0.0	0	0.0		
Total	295	100.0	300,468	100.0	22,439	7.5	300,468	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	11,241	3.6	32,982	7.3	10,963	33.2	101,342	22.4
Moderate	53,654	17.3	102,979	22.8	14,680	14.3	78,049	17.3
Middle	124,484	40.1	169,321	37.5	13,466	8.0	84,599	18.7
Upper	121,193	39.0	146,639	32.4	6,871	4.7	187,931	41.6
NA	0	0.0	0	0.0	0	0.0		
Total	310,572	100.0	451,921	100.0	45,980	10.2	451,921	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	2,969	5.2	2,480	4.7	468	10.2	21	4.3
Moderate	11,052	19.2	9,862	18.8	1,028	22.3	162	33.3
Middle	20,842	36.2	19,085	36.4	1,633	35.5	124	25.5
Upper	22,631	39.3	20,999	40.0	1,456	31.6	176	36.3
NA	56	0.1	33	0.1	20	0.4	3	0.6
Total	57,550	100.0	52,459	100.0	4,605	100.0	486	100.0
Percentage of Total Businesses:				91.2		8.0		0.8

*NA-Tracts without household or family income as applicable

Following the most recent update to the ACS data, the income level designation of certain census tracts within the assessment area changed from 2016 to 2017. Overall, the number of low- and middle-income census tracts increased, while the number of moderate- and upper-income census tracts decreased. The total number of families and the percentage of low-income families in the assessment area increased slightly, while the percentage of moderate-income families decreased.

According to the 2015 ACS data, the assessment area has a population of 1,246,215 and a median housing value of \$212,962. The owner-occupancy rate for the market equals 59.9%, which is similar to the commonwealth's rate of 59.2%. The percentage of area families living below the poverty level in the assessment area (8.8%) is also similar to the commonwealth's overall rate (8.2%). The 2017 HUD median family income for the Richmond VA MSA equaled \$78,700. The following table includes relevant demographic data for the 2017 assessment area.

Assessment Area Demographics

Richmond, VA <i>(Based on 2015 ACS Data and 2017 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	36	12.2	22,538	7.4	7,648	33.9	64,391	21.1
Moderate	70	23.7	59,348	19.5	8,198	13.8	54,743	18.0
Middle	105	35.6	125,036	41.0	8,522	6.8	61,391	20.1
Upper	78	26.5	97,225	31.9	2,296	2.4	124,204	40.8
NA	6	2.0	582	0.2	136	23.4		
Total	295	100.0	304,729	100.0	26,800	8.8	304,729	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	13,457	4.4	41,312	8.8	14,057	34.0	109,149	23.3
Moderate	52,207	16.9	103,189	22.0	17,098	16.6	78,467	16.7
Middle	133,892	43.4	184,241	39.3	16,207	8.8	85,437	18.2
Upper	108,163	35.1	138,568	29.6	7,066	5.1	195,595	41.8
NA	522	0.2	1,338	0.3	443	33.1		
Total	308,241	100.0	468,648	100.0	54,871	11.7	468,648	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	2,842	5.5	2,459	5.3	361	8.0	22	4.8
Moderate	10,503	20.3	9,220	19.7	1,136	25.1	147	31.7
Middle	19,241	37.2	17,483	37.4	1,621	35.8	137	29.6
Upper	18,867	36.6	17,333	37.2	1,381	30.3	153	33.0
NA	231	0.4	192	0.4	35	0.8	4	0.9
Total	51,684	100.0	46,687	100.0	4,534	100.0	463	100.0
Percentage of Total Businesses:				90.3		8.8		0.9

*NA-Tracts without household or family income as applicable

With Richmond serving as the capital of the Commonwealth of Virginia, employment opportunities in the area primarily consist of local, state, and federal government, as well as a mixture of manufacturing, healthcare, financial, service, and tourism industries. There are several major medical facilities including Bon Secours and HCA health systems, MCV Hospital, and Southside Regional Medical Center, and the area also attracts distribution centers given its location and access to thoroughfares along the East Coast. Other major employers in the area include Anthem, Amazon, Capital One Bank, DuPont, Phillip Morris, Virginia Commonwealth University, Wal-Mart, UPS, and University of Richmond. Recent and historical unemployment rates since the previous evaluation are included in the following table.

Geographic Area	July 2015	July 2016	July 2017	July 2018	February 2019
Amelia County, VA	4.8%	4.4%	4.1%	3.3%	3.8%
Caroline County, VA	5.1%	4.7%	4.3%	3.6%	3.7%
Charles City County, VA	5.3%	4.6%	5.2%	4%	4%
Chesterfield County, VA	4.5%	4.1%	3.7%	3.1%	3.1%
Colonial Heights City, VA	4.8%	4.7%	4.1%	3.5%	3.6%
Dinwiddie County, VA	5.5%	5.2%	4.6%	3.5%	3.8%
Goochland County, VA	4.2%	4%	3.5%	2.9%	3.2%
Hanover County, VA	4%	3.7%	3.4%	2.7%	2.7%
Henrico County, VA	4.4%	4.2%	3.8%	3.1%	3.1%
Hopewell City, VA	7.8%	6.9%	6.2%	4.7%	4.7%
King William County, VA	4.1%	4%	3.5%	3.2%	3.4%
New Kent County, VA	3.9%	3.6%	3.3%	2.9%	2.7%
Petersburg City, VA	9.9%	8.4%	7.3%	6.6%	6.3%
Powhatan County, VA	4%	3.8%	3.4%	2.8%	3%
Prince George County, VA	5.6%	5.3%	4.5%	3.9%	3.7%
Richmond City, VA	5.5%	5.1%	4.4%	3.7%	3.7%
Sussex County, VA	6.7%	6.3%	6.1%	5.1%	5.3%
Richmond, VA MSA	4.8%	4.5%	4%	3.3%	3.3%
Commonwealth of Virginia	4.5%	4.3%	3.8%	3.1%	3.2%

Local unemployment rates within the assessment area have declined at a similar pace as the statewide rate since the previous evaluation, although the unemployment rates for Hopewell, Petersburg, and Sussex remain higher than the MSA and statewide areas.

A local economic development official was contacted during the evaluation to discuss local economic conditions and community credit needs. The contact indicated there has been increased focus on redevelopment of historic downtown areas within the market, as residents continue to support locally-owned businesses. The area also continues to attract businesses in the advanced manufacturing, logistics and distribution, and retail industries, creating employment opportunities for local residents. The contact opined that local financial institutions have been very actively involved in the community and financing has become more readily available to small businesses. While local credit needs are currently being met, he noted opportunities for entrepreneurship training and access to startup capital.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

During 2017, the bank originated 66 HMDA loans totaling \$21.5 million in the assessment area. During the same time period, it is estimated the bank originated 142 small business loans totaling \$36.6 million. Accordingly, small business lending performance is given more weight when considering the bank's combined product performance in this assessment area.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Sona's borrower distribution performance is considered poor for HMDA lending and reasonable for small business lending. Overall, Sona's performance is considered reasonable given the larger dollar volume of small business lending.

Distribution of HMDA Loans by Income Level of Borrower

Richmond, VA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	1	5.9	7	0.3	3,877	10.4	451,860	5.5
Moderate	2	11.8	20	0.8	9,246	24.8	1,493,449	18.3
Middle	1	5.9	10	0.4	9,721	26.1	1,979,456	24.2
Upper	13	76.4	2,529	98.5	14,364	38.7	4,248,154	52.0
Total	17	100.0	2,566	100.0	37,208	100.0	8,172,919	100.0
Unknown	49		18,938		8,332		2,603,557	

Percentages (%) are calculated on all loans where incomes are known

During 2017, Sona's percentage of HMDA lending to low-income borrowers (5.9%) was lower than both the percentage of low-income families within the assessment area (21.1%) and the aggregate lending level to such borrowers (10.4%). Similarly, the bank's level of lending to moderate-income borrowers (11.8%) was also below the percentage of moderate-income families (18%) and the aggregate lending level (24.8%). The bank's performance during 2017 is considered poor.

During 2016, the bank originated 18 HMDA loans totaling \$6.8 million within the assessment area. All 18 loans have an unknown borrower income; therefore, the bank's lending to low- and moderate-income borrowers during 2016 was not evaluated.

Distribution of Lending by Loan Amount and Size of Business

Richmond, VA (2017)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	38	53.5	9,341	51.0	12,971	54.4	370,593	39.5
Over \$1 Million	33	46.5	8,984	49.0	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size								
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$100,000 or less	29	40.8	1,494	8.2	22,192	93.1	332,089	35.4
\$100,001-\$250,000	17	23.9	2,765	15.1	790	3.3	141,449	15.1
\$250,001-\$1 Million	25	35.3	14,066	76.7	859	3.6	465,842	49.5
Total	71	100.0	18,325	100.0	23,841	100.0	939,380	100.0

* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

D&B data indicates that 90.3% of all local businesses have revenues that do not exceed \$1 million per year. According to 2017 aggregate small business data, 54.4% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining loans were extended to businesses that either had revenues exceeding \$1 million or revenues were unknown. Additionally, after adjusting the 2017 aggregate data to exclude large credit card lenders, 58.3% of the reported small business loans extended by the remaining lenders were to businesses having revenues of \$1 million or less. During the recent six-month period evaluation, Sona originated 53.5% of its small business loans within the assessment area to businesses with revenues of \$1 million or less. The bank's performance during 2017 is considered reasonable.

Geographic Distribution of Loans

The bank's geographic distribution performance is considered reasonable overall for both HMDA and small business lending within this assessment area.

Distribution of HMDA Loans by Income Level of Census Tract

Richmond, VA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
	(31) Home Purchase				(29,017)			
Low	0	0.0	0	0.0	1,087	3.8	152,696	2.2
Moderate	4	12.9	365	3.1	4,753	16.4	775,152	11.3
Middle	6	19.4	1,449	12.3	11,851	40.9	2,463,783	35.9
Upper	21	67.7	9,953	84.6	11,292	38.9	3,472,673	50.6
	(22) Refinance				(14,130)			
Low	0	0.0	0	0.0	461	3.3	53,424	1.9
Moderate	4	18.2	915	11.0	2,158	15.3	315,080	10.9
Middle	6	27.3	1,666	20.0	6,245	44.2	1,161,634	40.4
Upper	12	54.5	5,743	69.0	5,266	37.2	1,348,197	46.8
	(12) Home Improvement				(2,258)			
Low	0	0.0	0	0.0	95	4.2	5,327	2.4
Moderate	3	25.0	36	20.0	333	14.7	23,189	10.3
Middle	6	50.0	74	41.1	1,004	44.5	85,265	37.8
Upper	3	25.0	70	38.9	826	36.6	111,799	49.5
	(1) Multi-Family				(113)			
Low	0	0.0	0	0.0	17	15.0	122,568	15.4
Moderate	0	0.0	0	0.0	41	36.3	261,622	32.8
Middle	0	0.0	0	0.0	28	24.8	238,990	30.0
Upper	1	100.0	1,233	100.0	27	23.9	173,827	21.8
	HMDA Totals							
Low	0	0.0	0	0.0	1,660	3.6	334,015	3.1
Moderate	11	16.7	1,316	6.1	7,285	16.0	1,375,043	12.8
Middle	18	27.3	3,189	14.8	19,128	42.0	3,949,672	36.7
Upper	37	56.0	16,999	79.1	17,411	38.3	5,106,496	47.3
NA*	0	0.0	0	0.0	56	0.1	11,250	0.1
Total	66	100.0	21,504	100.0	45,540	100.0	10,776,476	100.0

NA*-Tracts without household or family income as applicable

When considering aggregate lending levels, the bank's home purchase and refinance lending in low- and moderate-income tracts are both considered reasonable overall. The bank extended relatively few home improvement and multi-family loans within the assessment area during 2017; therefore, minimal weight is afforded to these products.

On a combined basis, Sona's lack of HMDA lending in low-income census tracts (0%) is lower than both the aggregate lending level (3.6%) and the percentage of owner-occupied housing units located in such areas (4.4%). However, the bank's lending in moderate-income tracts (16.7%) is similar to the aggregate lending level (16%) and the percentage of owner-occupied housing units located in such areas (16.9%). Overall, the bank's HMDA lending performance during 2017 is considered reasonable.

During 2016, the bank originated 18 HMDA loans totaling \$6.8 million within the assessment area. Of this total, one loan (5.6%) totaling \$736,000 was located in a low-income census tract, exceeding the aggregate lending level (2.2%) and the percentage of owner-occupied housing units located in such areas (3.6%). Sona originated five loans (27.8%) totaling \$1.1 million in moderate-income census tracts, which also significantly exceeds the aggregate lending level (13.5%) and the percentage of owner-occupied units in such areas (17.3%). This level of lending is considered excellent.

Overall, HMDA lending performance is considered reasonable. In reaching this conclusion, greater weight was placed on 2017 lending due to the much greater volume.

Distribution of Small Business Loans by Income Level of Census Tract

Richmond, VA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	3	4.2	1,390	7.6	1,157	4.9	59,672	6.4
Moderate	11	15.5	1,462	8.0	4,431	18.8	189,134	20.3
Middle	19	26.8	4,331	23.6	8,451	35.9	328,482	35.3
Upper	36	50.7	11,057	60.3	9,410	40.1	347,836	37.5
NA*	2	2.8	84	0.5	66	0.3	4,534	0.5
Total	71	100.0	18,324	100.0	23,515	100.0	929,658	100.0

*NA-Tracts without household or family income as applicable

Loans where the geographic location is unknown are excluded from this table.

The bank's level of small business lending in low-income census tracts (4.2%) approximated the aggregate lending level (4.9%) and the percentage of businesses located in such areas (5.5%). Similarly, Sona's lending in moderate-income census tracts (15.5%) was similar to the aggregate lending level (18.8%) and the percentage of businesses in such areas (20.3%). Overall, the bank's small business lending performance is considered reasonable.

Community Development Loans, Investments, and Services

Information from individuals knowledgeable of the local market area and reviews of the performance evaluations of other financial institutions having a local presence indicate community development opportunities are reasonably available within the Richmond, VA MSA assessment area. Additionally, the bank faces no significant constraints in providing qualified community development activities benefiting local residents and small businesses of the area.

In addition to the activities described previously that benefit multiple assessment areas or the broader statewide/regional area, Sona originated ten community development loans totaling \$11.9 million within this assessment area. Of this total, eight loans were originated through the SBA's 504 loan program specifically designed to promote economic development and job creation, while two loans were extended to an organization that provides assistance to low- and moderate-income residents of the area.

A bank employee serves on the loan committee and provides financial literacy to Humankind, an organization that provides programs that educate and empower underserved communities of the assessment area. The organization's Ways to Work program offers financial education and low-interest car loans to increase career opportunities and financial stability of low- and moderate-income residents.

An employee also provides financial expertise to St. Joseph's Villa, a nonprofit organization that provides educational, health, and social services targeted to low- and moderate-income individuals, including those with academic challenges or developmental disabilities.

Bank employees also provide financial literacy to low- and moderate-income students by participating in Junior Achievement's Finance Park which provides financial literacy and money management skills to high school students.

As previously noted, the bank donated \$15,000 to a local economic development organization serving multiple assessment areas, including the Richmond, VA MSA. Additionally, the bank donated \$1,000 to an organization serving low- and moderate-income residents of the area.

Overall, the bank has demonstrated an adequate level of responsiveness to local community development needs through its lending activities and support of area organizations that facilitate community development.

METROPOLITAN AREAS

*(For metropolitan areas with some or all assessment areas
reviewed using full-scope review)*

DESCRIPTION OF INSTITUTION'S OPERATIONS IN VIRGINIA BEACH-NORFOLK- NEWPORT NEWS, VA MSA

Sona began serving the Virginia Beach-Norfolk-Newport News, VA-NC MSA following its merger with EVB in June 2017. The new assessment area is located in southeastern Virginia and includes ten cities and counties of the MSA, which are outlined in Appendix E. Sona operates five branch offices within the assessment area, of which two (40%) are located in low- or moderate-income census tracts. The bank ranks 13th out of 21 financial institutions in deposit market share having .8% of the assessment area's available FDIC insured deposits as of June 30, 2018. According to the 2017 aggregate HMDA data, Sona ranked 65th out of 467 lenders in reported residential mortgage lending with .2% market share.

According to the 2015 ACS data, the assessment area has a population of 1,222,002 and a median housing value of \$235,717. The owner-occupancy rate for the area (53%) is slightly lower than the entire MSA's rate of 55.4% and the commonwealth's rate of 59.2%. The percentage of area families living below the poverty level in the assessment area (9.5%) mirrors the full MSA's rate (9.5%), but is higher than the commonwealth's overall rate (8.2%). The 2017 estimated median family income for the Virginia Beach-Norfolk-Newport News, VA-NC MSA equaled \$73,000. No census tracts in the assessment area were classified as underserved or distressed during 2017. The following table includes relevant demographic data for the 2017 assessment area.

Assessment Area Demographics

Virginia Beach-Norfolk-Newport News, VA-NC (Based on 2015 ACS Data and 2017 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	20	6.6	13,504	4.5	4,473	33.1	64,519	21.7
Moderate	92	30.4	81,523	27.4	13,524	16.6	53,263	17.9
Middle	98	32.3	101,908	34.2	6,938	6.8	59,853	20.1
Upper	82	27.1	99,720	33.6	2,940	2.9	119,931	40.3
NA	11	3.6	911	0.3	263	28.9		
Total	303	100.0	297,566	100.0	28,138	9.5	297,566	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	6,628	2.5	24,214	5.3	7,896	32.6	105,042	23.1
Moderate	54,287	20.3	135,243	29.8	23,425	17.3	77,720	17.1
Middle	98,568	36.9	153,854	33.8	14,250	9.3	87,532	19.3
Upper	107,392	40.1	139,400	30.7	6,989	5.0	184,269	40.5
NA	586	0.2	1,852	0.4	360	19.4		
Total	267,461	100.0	454,563	100.0	52,920	11.6	454,563	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	1,613	3.8	1,415	3.7	185	4.8	13	4.9
Moderate	10,314	24.4	9,024	23.6	1,233	31.9	57	21.7
Middle	14,118	33.4	12,780	33.5	1,284	33.2	54	20.5
Upper	15,584	36.8	14,445	37.9	1,009	26.0	130	49.5
NA	676	1.6	508	1.3	159	4.1	9	3.4
Total	42,305	100.0	38,172	100.0	3,870	100.0	263	100.0
Percentage of Total Businesses:				90.3		9.1		0.6

*NA-Tracts without household or family income as applicable

Employment opportunities within the assessment area primarily consist of local and federal government, area school systems, and a diverse mix of healthcare, education, manufacturing, service, and tourism-related industries. There are several large universities in the area, including William & Mary, Christopher Newport, Old Dominion, and Hampton Universities. Other major employers include Sentara Healthcare, Riverside Regional Medical Center, Eastern Virginia Medical School, Anthem, Wal-Mart, Busch Entertainment, and Colonial Williamsburg Foundation. Recent and historical unemployment rates since the previous evaluation are included in the following table.

Geographic Area	July 2015	July 2016	July 2017	July 2018	February 2019
Gloucester County, VA	3.9%	3.7%	3.3%	2.7%	3%
Hampton City, VA	6.1%	6%	5.1%	4.2%	4.4%
James City County, VA	4.3%	4.1%	3.6%	3%	3.1%
Mathews County, VA	4.1%	4.1%	3.6%	2.8%	3.4%
Newport News City, VA	5.4%	5.4%	4.7%	3.7%	4%
Norfolk City, VA	5.8%	5.7%	4.8%	3.8%	3.9%
Poquoson City, VA	3.9%	3.7%	3.5%	2.8%	2.8%
Virginia Beach City, VA	4.3%	4.1%	3.7%	2.9%	3.1%
Williamsburg City, VA	6.8%	6.4%	5.5%	4.3%	4.6%
York County, VA	4.3%	4.1%	3.6%	2.9%	3.2%
Virginia Beach-Norfolk-Newport News, VA-NC MSA	5%	4.9%	4.2%	3.4%	3.6%
Commonwealth of Virginia	4.5%	4.3%	3.8%	3.1%	3.2%

Unemployment rates within the assessment area have gradually declined since July 2015, and generally the rates for the MSA are fairly consistent with the rates for the commonwealth. As of February 2019, only the cities of Hampton, Norfolk, Newport News, and Williamsburg have higher unemployment rates than the overall commonwealth.

A local affordable housing official was recently contacted to discuss local economic conditions and community credit needs. The contact indicated demand remains high for affordable home repairs in the area, including more expensive repairs such as well, septic, and roofing. Additionally, she stated that funding is the largest constraint in providing assistance to low- and moderate-income residents of the area, and several affordable housing organizations would benefit from contributions to offset time and labor shortages. While acknowledging these opportunities for participation, the contact opined that local financial institutions are adequately meeting the overall credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

During 2017, the bank originated 86 HMDA loans totaling \$26.1 million in the assessment area. During the same time period, it is estimated the bank originated 44 small business loans totaling \$8.2 million. Accordingly, HMDA lending performance is given more weight when considering the bank's combined product performance in this assessment area.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Sona's borrower distribution performance is considered poor for HMDA lending and excellent for small business lending within this assessment area. On a combined basis, when taking into account the dollar volume of lending and relative strength of performance for each product, Sona's overall borrower distribution performance is considered reasonable.

Distribution of HMDA Loans by Income Level of Borrower

Virginia Beach-Norfolk-Newport News, VA-NC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
HMDA Totals								
Low	1	12.5	25	2.7	2,219	7.1	241,518	3.4
Moderate	0	0.0	0	0.0	7,590	24.2	1,222,013	17.4
Middle	0	0.0	0	0.0	8,967	28.6	1,824,498	26.0
Upper	7	87.5	885	97.3	12,602	40.1	3,731,790	53.2
Total	8	100.0	910	100.0	31,378	100.0	7,019,819	100.0
Unknown	78		25,223		9,092		2,940,884	

Percentages (%) are calculated on all loans where incomes are known

During 2017, Sona's level of HMDA lending to low-income borrowers (12.5%) lagged the percentage of low-income families within the assessment area (21.7%), but exceeded the aggregate lending level to such borrowers (7.1%). The bank's lack of lending to moderate-income borrowers (0%) substantially lagged both the percentage of moderate-income families (17.9%) and the aggregate lending level (24.2%). The bank's performance during 2017 is considered poor. The bank did not serve this area during 2016, and was consequently not evaluated.

Distribution of Lending by Loan Amount and Size of Business

Virginia Beach-Norfolk-Newport News, VA-NC (2017)								
by Revenue	Bank				Aggregate*			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
\$1 Million or Less	17	77.3	3,128	76.6	9,585	53.5	273,153	42.6
Over \$1 Million	5	22.7	954	23.4	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size								
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
\$100,000 or less	12	54.5	494	12.1	16,773	93.6	233,930	36.5
\$100,001-\$250,000	6	27.3	1,034	25.3	566	3.2	98,674	15.4
\$250,001-\$1 Million	4	18.2	2,554	62.6	579	3.2	308,404	48.1
Total	22	100.0	4,082	100.0	17,918	100.0	641,008	100.0

* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

D&B data indicated that 90.3% of all local businesses have revenues that do not exceed \$1 million per year. According to 2017 aggregate small business data, 53.5% of reported loans were extended to businesses with annual revenues of \$1 million or less. The remaining loans were extended to businesses that either had revenues exceeding \$1 million or revenues were unknown. Additionally, after adjusting the 2017 aggregate data to exclude large credit card lenders, 56.5% of the reported small business loans extended by the remaining lenders were to businesses having revenues of \$1 million or less. Revenues were either unknown or in excess of \$1 million for the remaining portion of loans. Of the total small business loans originated by Sona during the recent six-month period evaluated, 77.3% were extended to businesses with revenues of \$1 million or less. The bank's performance is considered excellent.

Geographic Distribution of Loans

The bank's geographic distribution performance is considered reasonable overall for both HMDA and small business lending within this assessment area.

Distribution of HMDA Loans by Income Level of Census Tract

Virginia Beach-Norfolk-Newport News, VA-NC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
	(63) Home Purchase				(25,020)			
Low	0	0.0	0	0.0	542	2.2	84,724	1.4
Moderate	11	17.5	1,214	6.5	5,402	21.7	960,970	15.7
Middle	26	41.3	5,201	28.0	9,491	38.1	2,067,709	33.8
Upper	26	41.2	12,159	65.5	9,497	38.0	3,003,419	49.1
	(13) Refinance				(12,605)			
Low	1	7.7	200	3.2	250	2.0	37,411	1.3
Moderate	2	15.4	192	3.1	2,529	20.1	412,050	14.7
Middle	3	23.1	1,394	22.3	4,740	37.6	911,358	32.5
Upper	7	53.8	4,465	71.4	5,086	40.3	1,446,591	51.5
	(8) Home Improvement				(2,703)			
Low	0	0.0	0	0.0	78	2.9	2,076	1.1
Moderate	1	12.5	109	11.4	643	23.8	23,382	12.7
Middle	5	62.5	150	15.6	1,018	37.7	57,094	31.0
Upper	2	25.0	700	73.0	964	35.6	101,435	55.2
	(2) Multi-Family				(94)			
Low	0	0.0	0	0.0	11	11.7	31,691	3.9
Moderate	1	50.0	184	52.7	46	48.9	330,705	40.2
Middle	1	50.0	165	47.3	16	17.0	193,809	23.6
Upper	0	0.0	0	0.0	21	22.4	265,493	32.3
	HMDA Totals							
Low	1	1.2	200	0.8	881	2.2	155,902	1.6
Moderate	15	17.4	1,699	6.5	8,620	21.3	1,727,107	17.3
Middle	35	40.7	6,910	26.4	15,265	37.7	3,229,970	32.4
Upper	35	40.7	17,324	66.3	15,568	38.5	4,816,938	48.4
NA*	0	0.0	0	0.0	136	0.3	30,786	0.3
Total	86	100.0	26,133	100.0	40,470	100.0	9,960,703	100.0

NA*-Tracts without household or family income as applicable

During 2017, home purchase and refinance lending represent the largest categories of HMDA lending for both the bank and aggregate lenders within the assessment area. When considering aggregate lending levels, the bank's purchase and refinance performance is considered reasonable. Sona's home improvement and multi-family performance are considered poor and reasonable, respectively, although minimal weight is afforded to these products based on the relatively small volume of lending.

On a combined basis, the bank's level of lending in low-income census tracts (1.2%) lagged both the aggregate lending level (2.2%) and the percentage of owner-occupied housing units located in such areas (2.5%). Sona's lending in moderate-income tracts (17.4%) slightly lagged the aggregate lending level (21.3%) and the percentage of owner-occupied housing units located in such areas (20.3%). Nonetheless, this level of lending is considered reasonable. As mentioned previously, Sona did not serve this area during 2016.

Distribution of Small Business Loans by Income Level of Census Tract

Virginia Beach-Norfolk-Newport News, VA-NC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	4	18.2	501	12.3	570	3.2	27,630	4.3
Moderate	1	4.5	50	1.2	4,291	24.2	175,046	27.5
Middle	4	18.2	297	7.3	5,601	31.6	192,837	30.3
Upper	13	59.1	3,234	79.2	6,942	39.1	226,394	35.6
NA*	0	0.0	0	0.0	343	1.9	14,607	2.3
Total	22	100.0	4,082	100.0	17,747	100.0	636,514	100.0

*NA-Tracts without household or family income as applicable
Loans where the geographic location is unknown are excluded from this table.

The bank's level of small business lending in low-income census tracts (18.2%) significantly exceeded the aggregate lending level (3.2%) and the percentage of businesses located in such areas (3.8%). On the other hand, Sona's level of lending in moderate-income census tracts (4.5%) significantly lagged the aggregate lending level (24.2%) and the percentage of businesses in such areas (24.4%). On a combined basis, the bank's performance is considered reasonable overall.

Community Development Loans, Investments, and Services

Information from individuals knowledgeable of the local market area and reviews of the performance evaluations of other financial institutions having a local presence indicate community development opportunities are reasonably available within the assessment area. As mentioned previously, the bank faces no significant constraints in providing qualified community development activities benefiting local residents and small businesses of the area.

In addition to the activities described previously that benefit multiple assessment areas or the broader statewide/regional area, Sona originated three community development loans totaling \$12.9 million within this assessment area. Two loans were originated through the SBA's 504 loan program specifically designed to promote economic development and job creation, while one loan was extended to an organization that provides housing services to low- and moderate-income residents of the area.

An employee provided financial literacy to clients of Transitions Family Violence, an organization that aims to build safe and healthy families in Newport News, Poquoson, and York by providing free crisis services to victims of domestic violence.

A bank employee provided financial expertise by participating in a job readiness fair at Huntington Middle School in Newport News, VA where a majority of students are low- and moderate-income.

The bank donated \$3,153 to local organizations that support low- and moderate-income residents and small businesses of the area.

Overall, the bank has demonstrated an adequate level of responsiveness to local community development needs through its lending activities and support of area organizations that facilitate community development.

METROPOLITAN AREAS

(For each metropolitan area where no assessment areas were reviewed using full-scope review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN METROPOLITAN AREAS

The assessment area noted in the table below was reviewed using the limited review examination procedures. Information detailing the composition of the assessment area, including selected demographic data, is included in **APPENDIX C** of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Facts and data reviewed for the assessment area, including performance and demographic information, can be found in **APPENDIX C** of this evaluation. A conclusion regarding performance, which did not impact the institution's overall rating, is included in the following table. The conclusion conveys whether performance in the assessment area was generally below, consistent with, or exceeded the institution's statewide ratings.

Assessment Area	Lending Test	Community Development Test
Charlottesville, VA MSA	Consistent	Consistent

NONMETROPOLITAN STATEWIDE AREA

(If some or all of the assessment areas within the nonmetropolitan statewide area were reviewed using full-scope review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ESSEX, VA NONMSA

Sona began operating in this portion of eastern Virginia following its merger with EVB in June 2017, and the Essex, VA NonMSA assessment area delineation consists of Essex, King and Queen, Lancaster, Middlesex, Northumberland, and Richmond Counties in their entirety. The bank operates nine branch offices within the assessment area and ranks 2nd out of 10 financial institutions in deposit market share having 18.7% of the assessment area's available FDIC insured deposits as of June 30, 2018. According to the 2017 aggregate HMDA data, the institution ranked 9th out of 203 lenders in reported residential mortgage lending with 2.5% market share.

According to the 2015 ACS data, this assessment area has a population of 61,396 and a median housing value of \$201,399. The owner-occupancy rate for the area (53.9%) is lower than the commonwealth's rate of 59.2% and the nonmetropolitan areas of the commonwealth (57.3%). The percentage of area families living below the poverty level in the assessment area (8.2%) mirrors the commonwealth's overall rate of 8.2%, but is less than the nonmetropolitan areas of Virginia (13.4%). The 2017 estimated median family income for the nonmetropolitan statewide area equaled \$53,300.

Based on the 2015 census tract designations, there are no low- or moderate-income census tracts in the assessment area; however, four census tracts were classified as underserved (Lancaster, Northumberland, and Richmond Counties). According to data published by the FFIEC, census tracts are designated as underserved when they are located in predominately rural areas that are distant from population centers and may lack access to certain services. The following table includes relevant demographic data for the 2017 assessment area.

Assessment Area Demographics

Essex, VA NonMSA (Based on 2015 ACS Data and 2017 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,398	14.4
Moderate	0	0.0	0	0.0	0	0.0	2,676	16.1
Middle	7	35.0	7,201	43.3	681	9.5	3,571	21.5
Upper	10	50.0	9,445	56.7	678	7.2	8,001	48.0
NA	3	15.0	0	0.0	0	0.0		
Total	20	100.0	16,646	100.0	1,359	8.2	16,646	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	4,863	19.1
Moderate	0	0.0	0	0.0	0	0.0	3,203	12.6
Middle	8,119	40.8	10,928	42.9	1,430	13.1	4,317	17.0
Upper	11,797	59.2	14,540	57.1	1,760	12.1	13,085	51.3
NA	0	0.0	0	0.0	0	0.0		
Total	19,916	100.0	25,468	100.0	3,190	12.5	25,468	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	916	37.9	801	37.0	93	43.9	22	52.4
Upper	1,503	62.1	1,364	63.0	119	56.1	20	47.6
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	2,419	100.0	2,165	100.0	212	100.0	42	100.0
Percentage of Total Businesses:			89.5		8.8		1.7	

*NA-Tracts without household or family income as applicable

The area is relatively rural compared to the bank's metropolitan assessment areas, and the local economy is largely driven by fishing, farming, healthcare, manufacturing, and tourism industries. Major employers in the area consist of local governments, school boards, and medical centers. Recent and historical unemployment rates since the previous evaluation are included in the following table.

Geographic Area	July 2015	July 2016	July 2017	July 2018	February 2019
Essex County, VA	5%	4.8%	4.5%	3.8%	4.8%
King and Queen County, VA	4.8%	4.4%	3.6%	3.1%	3.2%
Lancaster County, VA	5.4%	4.5%	4.1%	3.3%	7.8%
Middlesex County, VA	3.7%	3.8%	3.1%	2.5%	3.2%
Northumberland County, VA	5.2%	4.6%	4.5%	3.5%	6.9%
Richmond County, VA	4.5%	3.6%	3.4%	2.9%	3.6%
Commonwealth of Virginia	4.5%	4.3%	3.8%	3.1%	3.2%

Area unemployment rates have fluctuated since the previous evaluation, with some localities reporting rising and falling rates that appear seasonal in nature. Recent unemployment rates show a significant increase for Lancaster and Northumberland Counties; however, the trends suggest that unemployment will stabilize in these areas throughout the year.

A local economic development official was contacted during the evaluation to discuss local economic conditions and community credit needs. The contact indicated that many startup and small businesses in the area continue to seek financing while working to repair damaged credit. Entrepreneurship training and support programs were noted as opportunities for involvement by local financial institutions, although the contact stated that local banks are providing adequate lending and community development services within the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

During 2017, the bank originated 43 HMDA loans totaling \$3.2 million in the assessment area. During the same time period, it is estimated the bank originated 28 small business loans totaling \$4.1 million. Accordingly, small business lending performance receives slightly greater weight in determining the bank's combined product performance in this assessment area.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Sona's performance is considered excellent for HMDA and small business lending in this assessment area.

Distribution of HMDA Loans by Income Level of Borrower

Essex, VA NonMSA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	HMDA Totals							
Low	6	17.1	20	1.0	68	4.7	5,145	1.8
Moderate	5	14.3	381	19.0	229	15.8	25,105	8.6
Middle	9	25.7	64	3.2	274	19.0	38,242	13.1
Upper	15	42.9	1,540	76.8	874	60.5	224,245	76.5
Total	35	100.0	2,005	100.0	1,445	100.0	292,737	100.0
Unknown	8		1,243		260		55,165	

Percentages (%) are calculated on all loans where incomes are known

During 2017, Sona's level of lending to low-income borrowers (17.1%) exceeded both the percentage of low-income families within the assessment area (14.4%) and the aggregate lending level to such borrowers (4.7%). The bank's level of lending to moderate-income borrowers (14.3%) approximated the percentage of moderate-income families (16.1%) and the aggregate lending level (15.8%). On a combined basis, the bank's performance is considered excellent. Sona did not serve this assessment area during 2016 and was consequently not evaluated.

Distribution of Lending by Loan Amount and Size of Business

Essex, VA NonMSA (2017)								
<i>by Revenue</i>	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	10	71.4	1,706	83.1	618	54.4	23,896	57.7
Over \$1 Million	4	28.6	346	16.9	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
<i>by Loan Size</i>								
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$100,000 or less	7	50.0	420	20.5	1,049	92.3	16,199	39.1
\$100,001-\$250,000	6	42.9	983	47.9	60	5.3	10,475	25.3
\$250,001-\$1 Million	1	7.1	650	31.6	27	2.4	14,728	35.6
Total	14	100.0	2,053	100.0	1,136	100.0	41,402	100.0

* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

D&B data indicated that 89.5% of all local businesses have revenues that do not exceed \$1 million per year. According to 2017 aggregate small business data, 54.4% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining loans were extended to businesses that either had revenues exceeding \$1 million or revenues were unknown. Additionally, after adjusting the 2017 aggregate data to exclude large credit card lenders, 53.3% of the reported small business loans extended by the remaining lenders were to businesses having revenues of \$1 million or less. Revenues were either unknown or in excess of \$1 million for the remaining portion of loans. Sona originated 14 small business loans totaling \$2.1 million within the assessment area during the recent six-month review period, of which ten (71.4%) were extended to businesses with revenues of \$1 million or less. The bank's performance is considered excellent.

Geographic Distribution of Loans

Given the absence of low- and moderate-income tracts in the assessment area, the bank's performance was based on its lending activity in the middle- and upper-income census tracts of the area. Overall, Sona's performance is considered reasonable for both HMDA and small business lending.

Distribution of HMDA Loans by Income Level of Census Tract

Essex, VA NonMSA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
	(4) Home Purchase				(1,004)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	1	25.0	54	4.2	406	40.5	78,863	35.8
Upper	3	75.0	1,221	95.8	597	59.5	141,255	64.2
	(6) Refinance				(566)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	3	50.0	479	38.4	222	39.2	35,802	31.5
Upper	3	50.0	769	61.6	344	60.8	77,959	68.5
	(32) Home Improvement				(131)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	8	25.0	85	26.2	58	44.3	3,763	45.4
Upper	24	75.0	240	73.8	73	55.7	4,527	54.6
	(1) Multi-Family				(3)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	1	100.0	400	100.0	2	66.7	660	12.3
Upper	0	0.0	0	0.0	1	33.3	4,704	87.7
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	13	30.2	1,018	31.3	688	40.4	119,088	34.2
Upper	30	69.8	2,230	68.7	1,015	59.5	228,445	65.7
NA*	0	0.0	0	0.0	2	0.1	369	0.1
Total	43	100.0	3,248	100.0	1,705	100.0	347,902	100.0

NA*-Tracts without household or family income as applicable

During 2017, home improvement lending represented the largest category of HMDA lending for the bank, while purchase and refinance lending were the largest categories for aggregate lenders within the assessment area. The bank's home improvement lending is considered poor, while its purchase lending is considered reasonable and refinance lending is considered excellent. Sona extended only one multi-family loan in the assessment area during 2017; therefore, minimal weight is afforded to this category.

On a combined basis, the bank's level of lending in middle-income census tracts (30.2%) slightly lagged both the aggregate lending level (40.4%) and the percentage of owner-occupied housing units located in such areas (40.8). This level of lending is considered reasonable. As mentioned previously, Sona did not serve this assessment area during 2016.

Distribution of Small Business Loans by Income Level of Census Tract

Essex, VA NonMSA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	4	28.6	1,024	49.9	470	43.8	24,835	61.6
Upper	10	71.4	1,029	50.1	603	56.2	15,492	38.4
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	14	100.0	2,053	100.0	1,073	100.0	40,327	100.0

*NA-Tracts without household or family income as applicable

Loans where the geographic location is unknown are excluded from this table.

D&B data indicates that 37.9% of all area businesses are located in middle-income census tracts. As reflected in the preceding table, Sona's lending in middle-income tracts (28.6%) lagged both the demographic and aggregate proxies. Though based on limited volume, the bank's performance is nonetheless considered reasonable.

Community Development Loans, Investments, and Services

Information from individuals knowledgeable of the local market area and reviews of the performance evaluations of other financial institutions having a local presence indicate that while community development opportunities are available within the Essex, VA NonMSA assessment area, they are more limited compared to the bank's metropolitan markets. The bank faces no significant constraints, however, in providing community development loans, investments, and services.

As previously mentioned, the bank holds \$843,555 in four qualified SBIC investments that benefit the larger statewide/regional area, including this assessment area. Sona also holds approximately \$3.2 million in statewide investments benefiting this assessment area, and provides community development services through participation with the Business Finance Group and Virginia Small Business Development Authority, FHLB grant funding, and its Community Believer and POWER programs in this market. The bank also offers free and low-cost checking to all consumers and small businesses.

In addition, Sona donated \$2,450 to local organizations that provide community development services to low- and moderate-income residents and small businesses of the area.

No community development loans directly benefiting this assessment area were noted.

Overall, the bank's level of community development activities is considered adequate based primarily on statewide investments and bank-wide services that benefit this assessment area.

NONMETROPOLITAN STATEWIDE AREA

(If none of the assessment areas within the nonmetropolitan statewide area were reviewed using full-scope review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NONMETROPLITAN AREAS

Certain assessment areas, which are noted in the table below, were reviewed using the limited review examination procedures. Information detailing the composition of the assessment areas, including selected demographic data, is included in **APPENDIX C** of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Facts and data reviewed for each assessment area, including performance and demographic information, can be found in **APPENDIX C** of this evaluation. Conclusions regarding performance, which did not impact the institution's overall rating, are included in the following table. The conclusions convey whether performance in an assessment area was generally below, consistent with, or exceeded the institution's statewide ratings.

Assessment Area	Lending Test	Community Development Test
Clifton Forge, VA NonMSA	Consistent	Consistent
Shenandoah, VA NonMSA	Exceeds	Consistent
Southampton, VA NonMSA	Consistent	Consistent

MULTISTATE METROPOLITAN AREA

CRA RATING FOR WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV MSA²: NEEDS TO IMPROVE

The Lending Test is rated: Needs to Improve

The Community Development Test is rated: Satisfactory

Major factors supporting the rating include:

- The bank's borrower distribution lending performance is very poor for HMDA and reasonable for small business lending, and is considered very poor overall.
- The geographic distribution lending performance is poor for HMDA and reasonable for small business lending, and is considered poor overall.
- The bank demonstrated an adequate responsiveness to local community development needs during the evaluation period.

SCOPE OF EXAMINATION

The bank operates branches in the Virginia and Maryland portions of the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA. HMDA loans reported by Sonabank during 2016 and 2017 and small business loans originated during the six-month period from June 23, 2017 – December 31, 2017 were analyzed to determine the bank's performance regarding the borrower and geographic distribution of lending. Qualified community development loans and services were also considered for activities since the previous evaluation (July 6, 2015). All qualified investments made during this time period, and those outstanding as of the evaluation, regardless of when made, were also considered.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV MSA

Sona's Washington-Arlington-Alexandria, DC-VA-MD-WV MSA assessment area consists of the entire multistate metropolitan statistical area surrounding Washington, DC. The specific cities and counties included in the assessment area are outlined in Appendix E. The bank operates 16 full-service branch offices within the assessment area, of which two (12.5%) are located in low- or moderate-income census tracts. No census tracts in the assessment area were classified as underserved or distressed during the review period.

As of June 30, 2018, the bank ranked 29th out of 69 institutions in local deposit market share according to data compiled by the Federal Deposit Insurance Corporation (FDIC) and held 0.3% of the deposits within the assessment area (credit union deposits are not included). Additionally, 2016 aggregate HMDA data indicates that Sona ranked 242nd out of 827 lenders in reported mortgage lending with a <.1% market share. Similarly, 2017 aggregate HMDA data indicates that Sona ranked 222nd out of 787 lenders with a <.1% market share.

According to ACS data from 2010, the assessment area had a population of 5.6 million and a median housing value of \$415,306. The owner-occupancy rate for the multistate MSA equaled 61.2%, which significantly exceeded the rate for the District of Columbia (38.1%), but was similar to the statewide rates for Virginia (61.8%), Maryland (62.2%), and West Virginia (62.9%). Within the assessment area,

² This rating reflects performance within the multistate metropolitan area. The statewide evaluations are adjusted and do not reflect performance in the parts of those states contained in the multistate metropolitan area.

4.9% of families were considered below the poverty level, which was below the percentage of such families in the District of Columbia (14.5%), Virginia (7.2%), Maryland (5.7%), and West Virginia (12.8%). The following table includes 2016 median family income information for the two metropolitan divisions (MD) that make up the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA.

Assessment Area	2016 Median Family Income
Washington-Arlington-Alexandria, DC-VA-MD-WV (MD)	\$105,700
Silver Spring-Frederick-Rockville, MD (MD)	\$113,000

The following table includes relevant demographic data for the 2016 multistate MSA assessment area.

Assessment Area Demographics

Washington-Arlington-Alexandria, DC-VA-MD-WV (Based on 2010 ACS Data and 2016 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	122	9.0	93,049	7.0	18,759	20.2	280,035	21.2
Moderate	338	24.9	306,246	23.1	22,236	7.3	232,441	17.6
Middle	482	35.5	498,591	37.7	16,233	3.3	282,386	21.3
Upper	404	29.6	426,063	32.2	7,092	1.7	529,152	39.9
NA	13	1.0	65	0.0	65	100.0		
Total	1,359	100.0	1,324,014	100.0	64,385	4.9	1,324,014	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	48,467	3.6	166,517	8.2	33,409	20.1	447,900	22.0
Moderate	271,373	20.1	507,608	25.0	47,433	9.3	347,986	17.1
Middle	544,413	40.4	744,664	36.6	34,584	4.6	394,042	19.4
Upper	483,006	35.9	614,510	30.2	22,748	3.7	843,536	41.5
NA	32	0.0	165	0.0	116	70.3		
Total	1,347,291	100.0	2,033,464	100.0	138,290	6.8	2,033,464	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	12,420	4.1	11,273	4.1	1,014	3.8	133	5.0
Moderate	60,930	20.2	54,634	20.0	5,755	21.5	541	20.4
Middle	107,854	35.7	97,913	35.9	9,102	34.0	839	31.6
Upper	120,057	39.7	108,308	39.8	10,736	40.1	1,013	38.1
NA	867	0.3	566	0.2	170	0.6	131	4.9
Total	302,128	100.0	272,694	100.0	26,777	100.0	2,657	100.0
Percentage of Total Businesses:				90.3		8.9		0.8

*NA-Tracts without household or family income as applicable

Following the most recent update to the ACS data, the income level designation of certain census tracts within the assessment area changed from 2016 to 2017. Overall, the number of low- and upper-income census tracts increased, while the number of moderate- and middle-income census tracts decreased. The total number of families and the percentage of low-income families in the assessment area increased slightly, while the percentage of moderate-income families decreased.

According to ACS data from 2015, the assessment area has a population of 5.9 million and a median housing value of \$378,428. The owner-occupancy rate for the assessment area equals 59.2%, which significantly exceeds the rate for the District of Columbia (37.2%), but was similar to the statewide rates for Virginia (59.2%), Maryland (60.1%), and West Virginia (60.8%). Within the assessment area, 5.7% of families are considered to be below the poverty level which is lower than the percentage of such families in the District of Columbia (14.3%), Virginia (8.2%), Maryland (7%), and West Virginia (13.1%). The following table includes 2017 median family income information for the two metropolitan divisions (MD) that make up the multistate assessment area.

Assessment Area	2017 Median Family Income
Washington-Arlington-Alexandria, DC-VA-MD-WV (MD)	\$107,600
Silver Spring-Frederick-Rockville, MD (MD)	\$114,200

The following table includes relevant demographic data for the 2017 multistate MSA assessment area.

Assessment Area Demographics

Washington-Arlington-Alexandria, DC-VA-MD-WV (Based on 2015 ACS Data and 2017 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	131	9.6	113,069	8.0	23,519	20.8	313,007	22.2
Moderate	308	22.7	299,911	21.3	25,128	8.4	237,802	16.9
Middle	472	34.7	509,228	36.2	21,993	4.3	286,415	20.3
Upper	429	31.6	483,261	34.3	9,636	2.0	571,216	40.6
NA	19	1.4	2,971	0.2	496	16.7		
Total	1,359	100.0	1,408,440	100.0	80,772	5.7	1,408,440	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	51,335	3.8	190,899	8.9	40,062	21.0	497,607	23.3
Moderate	250,309	18.5	470,916	22.1	47,274	10.0	356,116	16.7
Middle	523,076	38.7	767,534	35.9	46,132	6.0	400,378	18.7
Upper	525,471	38.9	697,551	32.7	28,384	4.1	881,556	41.3
NA	1,881	0.1	8,757	0.4	1,593	18.2		
Total	1,352,072	100.0	2,135,657	100.0	163,445	7.7	2,135,657	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	12,689	4.7	11,384	4.7	1,166	4.4	139	5.5
Moderate	52,359	19.3	46,151	19.1	5,791	21.8	417	16.4
Middle	94,516	34.9	84,465	34.9	9,297	35.0	754	29.7
Upper	109,502	40.4	98,476	40.8	10,004	37.7	1,022	40.3
NA	1,781	0.7	1,283	0.5	293	1.1	205	8.1
Total	270,847	100.0	241,759	100.0	26,551	100.0	2,537	100.0
Percentage of Total Businesses:				89.3		9.8		0.9

*NA-Tracts without household or family income as applicable

The area economy is primarily driven by the local, state, and federal government, but also benefits from a diverse mix of industries including manufacturing, healthcare, financial, service, and tourism. The area also includes several universities, including Georgetown, George Mason, George Washington, and the universities of Maryland and Mary Washington. Aside from the aforementioned entities, major employers in the area include Inova Health System, Sentara Healthcare, United and American Airlines, Deloitte Consulting, Booz, Allen, and Hamilton, Raytheon Company, Lockheed Martin, Marriott, Giant Foods, and Wal-Mart. Recent and historical unemployment rates since the previous evaluation are included in the following table.

Geographic Area	July 2015	July 2016	July 2017	July 2018	February 2019
District of Columbia	7.1%	6.5%	6.6%	6%	6%
Alexandria City, VA	3.3%	2.9%	2.9%	2.2%	2.3%
Arlington County, VA	2.8%	2.7%	2.5%	2%	2.1%
Clarke County, VA	4%	3.6%	3.5%	2.8%	2.9%
Culpeper County, VA	4.4%	4.1%	3.6%	2.8%	3%
Fairfax County, VA	3.6%	3.4%	3.2%	2.5%	2.6%
Fairfax City, VA	3.5%	3.3%	3%	2.4%	2.5%
Falls Church City, VA	3.1%	2.9%	2.8%	2.2%	2.2%
Fauquier County, VA	3.9%	3.6%	3.4%	2.6%	2.9%
Fredericksburg City, VA	5.5%	5.1%	4.5%	3.6%	3.9%
Loudoun County, VA	3.6%	3.4%	3.2%	2.5%	2.6%
Manassas City, VA	4.1%	3.7%	3.3%	2.7%	3.1%
Manassas Park City, VA	4.3%	3.8%	3.4%	2.7%	3.1%
Prince William County, VA	4.2%	3.8%	3.5%	2.8%	2.9%
Rappahannock County, VA	4.1%	3.7%	3.3%	2.7%	3.1%
Spotsylvania County, VA	4.7%	4.4%	3.9%	3.2%	3.3%
Stafford County, VA	4.5%	4.2%	3.8%	3.1%	3.2%
Warren County, VA	4.7%	4.1%	3.9%	3%	3.3%
Virginia	4.5%	4.3%	3.8%	3.1%	3.2%
Calvert County, MD	5.1%	4.3%	4%	4%	3.7%
Charles County, MD	5.4%	4.7%	4.5%	4.3%	4%
Frederick County, MD	4.6%	4.1%	4%	3.7%	3.8%
Montgomery County, MD	4%	3.7%	3.6%	3.3%	3.4%
Prince George's County, MD	5.5%	4.7%	4.5%	4.3%	4.2%
Maryland	5.3%	4.6%	4.4%	4.1%	4.1%
Jefferson County, WV	4.2%	3.3%	3.1%	3.4%	3.6%
West Virginia	7%	5.9%	5.1%	5.1%	6.1%
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	4.6%	4.1%	4%	3.5%	3.5%

As indicated in the table, area unemployment rates have declined slightly since July 2015. The unemployment rate continues to be highest in West Virginia and the District of Columbia, while the remaining cities and counties generally have rates lower than their respective statewide averages.

An affordable housing official was contacted during the evaluation to discuss local economic conditions and community credit needs. The contact indicated there has been growth in the development of multifamily affordable housing, and also that residents living below poverty are often unbanked, underbanked, or immigrant populations. The contact opined that local financial institutions are actively participating in the local community by providing financing and contributing to affordable housing efforts, but noted there are opportunities for banks to offer free deposit accounts and educate low- and moderate-income residents on the benefits of banking services.

Overall, discussions with the community contact and reviews of the performance evaluations of other financial institutions having a local presence indicate that community development opportunities are readily available within the assessment area when considering performance context factors. The institution faces no significant constraints relative to its size or business strategy in making community development loans or investments, or supporting community service activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

During 2017, the bank originated 44 HMDA loans totaling \$32 million within this assessment area. During the same time period, it is estimated that the bank originated 60 small business loans totaling \$7.6 million in the assessment area. As such, HMDA lending receives greater weight in determining the bank's overall performance within the multistate area.

Lending to Borrowers of Different Incomes and to Business of Different Sizes

Sona's HMDA lending borrower distribution performance is very poor, while the small business lending performance is considered reasonable. Sona's overall borrower distribution performance in this assessment area is considered very poor.

Distribution of HMDA Loans by Income Level of Borrower

Washington-Arlington-Alexandria, DC-VA-MD-WV (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	0	0.0	0	0.0	17,705	9.7	3,233,799	4.7
Moderate	0	0.0	0	0.0	42,098	23.1	10,822,658	15.7
Middle	0	0.0	0	0.0	48,391	26.5	16,006,548	23.2
Upper	3	100.0	750	100.0	74,123	40.7	38,853,054	56.4
Total	3	100.0	750	100.0	182,317	100.0	68,916,059	100.0
Unknown	41		31,265		38,511		19,625,169	

Percentages (%) are calculated on all loans where incomes are known

During 2017, Sona's lack of residential mortgage lending to low-income borrowers (0%) significantly lagged the percentage of area low-income families (22.2%) and the aggregate level of lending to such borrowers (9.7%). The bank's lack of lending to moderate-income borrowers (0%) also significantly lagged the percentage of such area families (16.9%) and the aggregate level of lending (23.1%). The bank's performance during 2017 is considered very poor, and its performance during 2016 is similar.

As indicated in the preceding table, a large portion of the number (41) and dollar (\$31.3 million) of HMDA loans reported by the bank in this assessment area have unknown borrower incomes, and these loans were excluded from the analysis. Sona routinely purchases residential mortgage loans from STM, and borrower income is not required to be reported for these loans.

Distribution of Lending by Loan Amount and Size of Business

Washington-Arlington-Alexandria, DC-VA-MD-WV (2017)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	11	36.7	2,743	72.1	75,501	54.6	1,579,502	35.4
Over \$1 Million	19	63.3	1,061	27.9	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$100,000 or less	21	70.0	1,014	26.7	131,102	94.8	1,794,937	40.2
\$100,001-\$250,000	5	16.7	919	24.2	3,390	2.5	597,916	13.4
\$250,001-\$1 Million	4	13.3	1,871	49.1	3,767	2.7	2,073,200	46.4
Total	30	100.0	3,804	100.0	138,259	100.0	4,466,053	100.0

* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

D&B data from 2017 indicates that 89.3% of all local businesses have revenues that do not exceed \$1 million per year. According to 2017 aggregate small business data, 54.6% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 55.1% were made to businesses having revenues of \$1 million or less. In comparison, the bank extended 36.7% of its small business loans during a recent six-month period to businesses with annual revenues of \$1 million or less. While slightly lagging aggregate lending, the bank's performance is considered reasonable.

Geographic Distribution of Loans

The bank's geographic distribution performance is considered poor for HMDA and reasonable for small business lending. Overall, the geographic distribution is considered poor within the assessment area.

Distribution of HMDA Loans by Income Level of Census Tract

Washington-Arlington-Alexandria, DC-VA-MD-WV (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
	(19) Home Purchase				(133,616)			
Low	2	10.5	1,020	6.6	5,920	4.4	1,754,978	3.3
Moderate	1	5.3	532	3.4	24,871	18.7	7,388,745	13.9
Middle	4	21.1	4,159	26.8	52,843	39.6	18,544,826	34.9
Upper	12	63.1	9,829	63.2	49,643	37.3	25,494,037	47.9
	(24) Refinance				(75,087)			
Low	0	0.0	0	0.0	3,198	4.3	1,072,755	4.0
Moderate	0	0.0	0	0.0	14,328	19.1	3,707,986	13.7
Middle	6	25.0	3,756	24.7	29,813	39.7	9,766,916	36.1
Upper	18	75.0	11,479	75.3	27,748	36.9	12,494,964	46.2
	(0) Home Improvement				(11,591)			
Low	0	0.0	0	0.0	630	5.4	67,553	3.5
Moderate	0	0.0	0	0.0	2,225	19.2	231,760	12.0
Middle	0	0.0	0	0.0	4,642	40.0	592,281	30.5
Upper	0	0.0	0	0.0	4,094	35.4	1,047,183	54.0
	(1) Multi-Family				(402)			
Low	0	0.0	0	0.0	99	24.6	731,661	11.9
Moderate	0	0.0	0	0.0	113	28.1	2,448,045	39.9
Middle	1	100.0	1,240	100.0	93	23.1	1,274,484	20.8
Upper	0	0.0	0	0.0	97	24.2	1,675,406	27.4
	HMDA Totals							
Low	2	4.5	1,020	3.2	9,847	4.5	3,626,947	4.1
Moderate	1	2.3	532	1.7	41,537	18.8	13,776,536	15.6
Middle	11	25.0	9,155	28.6	87,391	39.6	30,178,507	34.1
Upper	30	68.2	21,308	66.5	81,582	36.9	40,711,590	45.9
NA*	0	0.0	0	0.0	471	0.2	247,648	0.3
Total	44	100.0	32,015	100.0	220,828	100.0	88,541,228	100.0

NA*-Tracts without household or family income as applicable

During 2017, home purchase and refinance loans were extended most frequently by bank and aggregate lenders in the assessment area. Considering both demographic and aggregate proxies for demand, the bank's performance for home purchase lending is considered reasonable, while refinance lending is considered very poor. Product level performance was not analyzed for home improvement and multifamily lending given the bank's limited volume of activity.

On a combined loan product basis, Sona's lending in low-income census tracts (4.5%) approximated both the percentage owner-occupied housing units located in low-income census tracts (3.8%) and the level of aggregate lending in such tracts (4.5%). Sona's lending in moderate-income census tracts (2.3%) significantly lagged the percentage of owner-occupied housing units located in such tracts (18.5%) and the level of aggregate lending in moderate-income census tracts (18.8%). Overall, the performance of lending in low- and moderate-income census tracts during 2017 is considered poor, and performance in 2016 is similar.

Distribution of Small Business Loans by Income Level of Census Tract

Washington-Arlington-Alexandria, DC-VA-MD-WV (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	0	0.0	0	0.0	6,002	4.4	184,743	4.2
Moderate	5	16.7	705	18.5	26,864	19.6	832,875	18.7
Middle	2	6.7	285	7.5	47,999	35.0	1,607,145	36.2
Upper	22	73.3	2,763	72.7	55,859	40.6	1,797,607	40.4
NA *	1	3.3	50	1.3	547	0.4	22,149	0.5
Total	30	100.0	3,803	100.0	137,271	100.0	4,444,519	100.0

*NA-Tracts without household or family income as applicable

Loans where the geographic location is unknown are excluded from this table.

During 2017, the bank's lack of lending in low-income census tracts (0%) lagged the percentage of area businesses (4.7%) and the aggregate lending (4.4%) in such census tracts. However, the bank's lending in moderate-income census tracts (16.7%) was similar to the percentage of businesses (19.3%) and aggregate lending levels (19.6%) in such census tracts. Overall, the bank's performance is considered reasonable.

Community Development Loans, Investments, and Services

Information gathered from discussions with an individual knowledgeable of the local community and from the review of performance evaluations of other financial institutions having a local presence indicate that a considerable amount of community development opportunities are available within this assessment area. The bank faces no constraints in providing community development loans, investments, and services consistent with its capacity and available opportunities.

In addition to the previously described activities that benefit the broader statewide or regional area, or multiple assessment areas, Sona and its employees participated in the following qualified community development activities specific to the multistate MSA:

- The bank invested \$4.9 million in R4 Metro Housing Partners, an equity fund that utilizes Low Income Housing Tax Credits (LIHTC) to facilitate area revitalization and affordable housing efforts. The bank's investment is facilitating the rehabilitation of four properties in the District of Columbia into affordable housing units.
- The bank originated five community development loans totaling approximately \$5.4 million within this assessment area. Of this total, four loans were originated through SBA's 504 loan program specifically designed to provide long-term financing for projects that provide economic development and facilitate job creation. The remaining loan was extended to a local non-profit community development financial institution (CDFI).
- Bank employees serve on the loan committees of the following organizations that support area small businesses and promote economic development:
 - Fauquier County Economic Development Authority Micro Loan Program
 - Prince George's Financial Service Corporation (FSC First)
 - Rappahannock Economic Development Corporation (REDCO)
- A bank employee participates in the Boots to Business program at Quantico by instructing financial education seminars. Sponsored by the SBA, the program provides educational seminars for individuals leaving military service or their spouses who wish to become entrepreneurs.

- A bank employee provided financial literacy to low-income families through the INMED Opportunity Center, which aims to narrow the opportunity gaps for economically disadvantaged children in the community.
- An employee provided financial literacy through the Junior Achievement Entrepreneurial Program at a middle school in Prince George's County, Maryland where a majority of students are low-income.

As previously mentioned, the bank also holds \$843,555 in four qualified SBIC investments that benefit the larger statewide and regional area. In addition, several services are provided bank-wide that benefit this assessment area, including participation with the Business Finance Group and Virginia Small Business Development Authority, employee financial literacy efforts, FHLB grant funding, and the bank's community believer and POWER programs.

No qualified donations benefiting the multistate area were noted during the review period, and overall, the bank's level of responsiveness to local community development needs is considered adequate.

CRA APPENDIX A
SCOPE OF EXAMINATION

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION		
Assessment Area	Type of Examination	Branches Visited³
Washington-Arlington-Alexandria, DC-VA-WV-MD MSA	Full scope	11527 Sunrise Valley Drive Reston, VA 20191 14118 Brandywine Road Brandywine, MD 20613
Richmond, VA MSA	Full scope	3012 Boulevard Colonial Heights, VA 23834
Virginia Beach-Norfolk-Newport, VA MSA	Full scope	7132 George Washington Memorial Hwy Gloucester, VA 23061
Essex, VA NonMSA	Full scope	291 Virginia Street Urbanna, VA 23175
Charlottesville, VA MSA	Limited Scope	None
Clifton Forge, VA NonMSA	Limited Scope	None
Shenandoah, VA NonMSA	Limited Scope	None
Southampton, VA NonMSA	Limited Scope	None

³ There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.

CRA APPENDIX B

SUMMARY OF STATE AND MULTISTATE MSA RATINGS

State or Multistate Metropolitan Area Name	Lending Test Rating	Community Development Test Rating	Overall Rating
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	Needs to Improve	Satisfactory	Needs to Improve
Commonwealth of Virginia	Satisfactory	Satisfactory	Satisfactory

CRA APPENDIX C

LIMITED REVIEW TABLES

Charlottesville, VA MSA

The bank serves the Charlottesville, VA MSA in its entirety and operates one branch office within this assessment area. According to 2010 ACS data, the area contained three low-, 11 moderate-, 20 middle-, 13 upper-, and one unknown-income census tracts. The 2015 ACS data indicates an increase in moderate-income census tracts in the area, with two low-, 15 moderate-, 18 middle-, and 12 upper-, and one unknown-income census tracts.

Performance Test Data for Charlottesville, VA MSA

Limited Review Lending Table

Charlottesville, VA (2017)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
Geographic	Home Purchase				Home Improvement			
	(2)				(0)			
	0	0.0	3.4	2.5	0	0.0	2.6	2.5
	0	0.0	14.0	20.9	0	0.0	19.5	20.9
	2	100.0	49.0	47.5	0	0.0	52.2	47.5
Geographic	Refinance				Multi-Family			
	(3)				(0)			
	0	0.0	2.2	2.5	0	0.0	9.1	2.5
	0	0.0	17.8	20.9	0	0.0	27.3	20.9
Geographic	HMDA Totals				Consumer			
	(5)				(NA)			
	0	0.0	3.0	2.5	NA	NA	NA	NA
	0	0.0	15.5	20.9	NA	NA	NA	NA
Borrower	Small Business				Small Farm			
	(1)				(NA)			
	0	0.0	4.3	2.9	NA	NA	NA	NA
	1	100.0	18.4	18.3	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	7.3	21.0	NA	NA	NA	NA
	0	0.0	18.4	17.1	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA
	2	100.0	53.3	40.6	NA	NA	NA	NA
Revenue	HMDA Totals				Consumer			
	(2)				(NA)			
	0	0.0	21.1	21.2	NA	NA	NA	NA

Though based on limited volumes, the bank's lack of HMDA and small business lending to low- and moderate-income borrowers and businesses with revenues less than \$1 million is considered very poor, and HMDA lending during 2016 is similar.

Sona's lack of HMDA lending in low- and moderate-income census tracts during 2017 is also considered very poor. However, the bank's HMDA lending during 2016 is better. Sona's small business geographic distribution performance is considered excellent. On a combined basis, the bank's geographic distribution performance is considered reasonable.

While the bank's borrower distribution performance is very poor, several loans were excluded from the analysis, and therefore, greater consideration is given to geographic distribution performance in this assessment area. Overall, Sona's lending performance is considered reasonable and consistent with the Commonwealth of Virginia.

Community Development Loans, Investments, and Services

As previously mentioned, Sona holds several investments that benefit the broader statewide/regional area, including this assessment area. Sona also offers services such as free and low-cost checking accounts, FHLB grants, IOLTA accounts, and its community believer and POWER programs within this market. Additionally, bank employees provide financial expertise to the Business Finance Group and the Virginia Small Business Development Authority, which serve the entire Commonwealth, and several employees also provide financial literacy through the TCTS program to students of low- and moderate-income families within the assessment area.

No qualified donations or community development loans were noted within the assessment area.

Overall, the bank's level of community development activities is considered adequate relative to its limited presence in this assessment area.

Clifton Forge, VA NonMSA

Sona's Clifton Forge, VA NonMSA assessment area includes Alleghany and Bath Counties and the City of Covington, Virginia, in their entirety, and the bank operates one branch office in the area. According to 2010 ACS data, the assessment area did not contain any low- or moderate-income census tracts, but did contain eight middle- and one upper-income census tracts. The 2015 ACS data reclassified the income designation of the area's census tracts to include one moderate-, five middle-, and three upper-income census tracts.

Performance Test Data for Clifton Forge, VA NonMSA

Limited Review Lending Table

Clifton Forge, VA NonMSA (2017)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
<i>Geographic</i>	Home Purchase				Home Improvement			
	(0)				(2)			
	NA	NA	NA	NA	NA	NA	NA	NA
	0	0.0	13.9	10.9	0	0.0	7.9	10.9
	0	0.0	57.6	62.7	2	100.0	73.7	62.7
<i>Geographic</i>	Refinance				Multi-Family			
	(0)				(0)			
	NA	NA	NA	NA	NA	NA	NA	NA
	0	0.0	9.3	10.9	0	0.0	100.0	10.9
<i>Geographic</i>	HMDA Totals				Consumer			
	(2)				(NA)			
	NA	NA	NA	NA	NA	NA	NA	NA
	0	0.0	12.0	10.9	NA	NA	NA	NA
<i>Borrower</i>	Small Business				Small Farm			
	(2)				(NA)			
	2	100.0	11.1	21.4	NA	NA	NA	NA
	0	0.0	24.3	15.3	NA	NA	NA	NA
<i>Revenue</i>	Small Business				Small Farm			
	(1)				(NA)			
	NA	NA	NA	NA	NA	NA	NA	NA
	0	0.0	14.3	9.3	NA	NA	NA	NA
<i>Revenue</i>	Small Business				Small Farm			
	(1)				(NA)			
	1	100.0	66.3	70.8	NA	NA	NA	NA
	0	0.0	19.4	19.8	NA	NA	NA	NA
Busn/ Farms with revenues <=\$1 M		0	0.0	51.7	89.0	NA	NA	NA

Geographic () represents the total number of bank loans for the specific Loan Purpose where geography is known

Borrower () represents the total number of bank loans for the specific Loan Purpose where income is known

NA represents no activity in the income category

Sona's HMDA borrower distribution is considered excellent during 2017, but lending performance is worse during 2016. Based on one loan origination, small business borrower distribution performance is considered very poor. On a combined basis, borrower distribution is reasonable overall. When considering aspects of performance context, the bank's lack of HMDA and small business lending in the area's one moderate-income census tract during 2017 is considered poor. As previously mentioned, the area did not contain any low- or moderate-income tracts during 2016.

Overall, Sona's lending performance is consistent with performance in the Commonwealth of Virginia.

Community Development Loans, Investments, and Services

In addition to the investment and service activities that benefit the broader statewide/regional area, including this assessment area, a bank employee provides financial expertise to four local organizations that support local small businesses and facilitate economic development in the area. Sona also offers free and low-cost checking accounts, FHLB grants, IOLTA accounts, and its community believer and POWER programs within this market.

No qualified donations or community development loans were noted within the assessment area.

Overall, the bank's level of community development activities is considered adequate.

Shenandoah, VA NonMSA

Sona's Shenandoah, VA NonMSA assessment area includes Shenandoah County in its entirety, and the bank operates one branch office in the area. According to 2010 and 2015 ACS data, the area did not contain any low- or moderate-income census tracts.

Performance Test Data for Shenandoah, VA NonMSA

Limited Review Lending Table

Shenandoah, VA NonMSA (2017)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
<i>Geographic</i>	Home Purchase				Home Improvement			
	(0)				(0)			
	NA	NA	NA	NA	NA	NA	NA	NA
	NA	NA	NA	NA	NA	NA	NA	NA
	0	0.0	49.9	53.7	0	0.0	52.4	53.7
<i>Geographic</i>	Refinance				Multi-Family			
	(1)				(0)			
	NA	NA	NA	NA	NA	NA	NA	NA
	NA	NA	NA	NA	NA	NA	NA	NA
	0	0.0	49.6	53.7	0	0.0	25.0	53.7
<i>Geographic</i>	HMDA Totals				Consumer			
	(1)				(NA)			
	NA	NA	NA	NA	NA	NA	NA	NA
	NA	NA	NA	NA	NA	NA	NA	NA
	0	0.0	49.9	53.7	NA	NA	NA	NA
<i>Borrower</i>	(1)				(NA)			
	0	0.0	3.5	14.4	NA	NA	NA	NA
	1	100.0	19.0	17.5	NA	NA	NA	NA
	0	0.0	24.7	20.0	NA	NA	NA	NA
	0	0.0	52.8	48.1	NA	NA	NA	NA
<i>Geographic</i>	Small Business				Small Farm			
	(0)				(NA)			
	NA	NA	NA	NA	NA	NA	NA	NA
	NA	NA	NA	NA	NA	NA	NA	NA
	0	0.0	53.7	54.3	NA	NA	NA	NA
<i>Revenue</i>	(0)				(NA)			
	0	0.0	54.1	92.6	NA	NA	NA	NA
Busn/ Farms with revenues <=\$1 M								

Geographic () represents the total number of bank loans for the specific Loan Purpose where geography is known

Borrower () represents the total number of bank loans for the specific Loan Purpose where income is known

NA represents no activity in the income category

Sona originated one HMDA loan totaling \$440,000 within this assessment area during 2017. The loan was extended to a moderate-income borrower. As previously mentioned, the area does not include any low- or moderate-income census tracts. Furthermore, the bank did not originate any HMDA loans within the area during 2016 or any small business loans during the recent six-month review period. Based on the limited loan data available, the bank's lending performance is excellent.

Community Development Loans, Investments, and Services

Sona's community development activities within this assessment area are limited to the investments that benefit statewide/regional areas, including this assessment area, as well as service activities that are provided bank-wide, including free and low-cost checking accounts, FHLB grants, IOLTA accounts, and the community believer and POWER programs. Sona's involvement with organizations that serve the entire Commonwealth (Business Finance Group and Virginia Small Business Development Authority) also benefit this assessment area.

No qualified donations or community development loans were noted within the assessment area.

Overall, the bank's level of community development activities is considered adequate.

Southampton, VA NonMSA

Sona established its Southampton, VA NonMSA assessment area following its merger with EVB in June 2017. The assessment area includes Southampton and Surry Counties in their entirety, and the bank operates three branch offices in the area. Based on 2015 ACS data, there are no low- or moderate-income census tracts in the area.

Performance Test Data for Southampton, VA NonMSA

Limited Review Lending Table

Southampton, VA NonMSA (2017)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
Geographic	Home Purchase				Home Improvement			
	(0)				(4)			
	NA	NA	NA	NA	NA	NA	NA	NA
	NA	NA	NA	NA	NA	NA	NA	NA
	0	0.0	53.3	50.7	0	0.0	55.4	50.7
Upper	0	0.0	46.7	49.3	4	100.0	44.6	49.3
Geographic	Refinance				Multi-Family			
	(0)				(0)			
	NA	NA	NA	NA	NA	NA	NA	NA
	NA	NA	NA	NA	NA	NA	NA	NA
	0	0.0	50.4	50.7	0	0.0	0.0	50.7
Upper	0	0.0	49.6	49.3	0	0.0	0.0	49.3
Geographic	HMDA Totals				Consumer			
	(4)				(NA)			
	NA	NA	NA	NA	NA	NA	NA	NA
	NA	NA	NA	NA	NA	NA	NA	NA
	0	0.0	52.4	50.7	NA	NA	NA	NA
Upper	4	100.0	47.6	49.3	NA	NA	NA	NA
Borrower	(4)				(NA)			
	1	25.0	4.3	17.6	NA	NA	NA	NA
	0	0.0	19.5	13.9	NA	NA	NA	NA
	1	25.0	32.1	20.1	NA	NA	NA	NA
	2	50.0	44.1	48.4	NA	NA	NA	NA
Geographic	Small Business				Small Farm			
	(1)				(NA)			
	NA	NA	NA	NA	NA	NA	NA	NA
	NA	NA	NA	NA	NA	NA	NA	NA
	1	100.0	47.9	53.4	NA	NA	NA	NA
Upper	0	0.0	52.1	46.6	NA	NA	NA	NA
Revenue								
Busn/ Farms with revenues <=\$1 M								
	0	0.0	54.0	89.8	NA	NA	NA	NA

Geographic () represents the total number of bank loans for the specific Loan Purpose where geography is known

Borrower () represents the total number of bank loans for the specific Loan Purpose where income is known

NA represents no activity in the income category

Given this is a new market for the bank, lending performance was only evaluated during 2017. Though based on small loan volumes, borrower distribution performance is reasonable for HMDA and very poor for small business lending. Overall, lending performance is considered reasonable.

Community Development Loans, Investments, and Services

Sona's community development activities within this assessment area are limited to investments that benefit statewide/regional areas, including this assessment area, as well as service activities that are provided bank-wide, including free and low-cost checking accounts, FHLB grants, IOLTA accounts, and the community believer and POWER programs. Sona's involvement with organizations that serve the entire Commonwealth also benefit this assessment area.

As previously discussed, the bank donated \$15,000 to Virginia's Gateway Region, a local economic development organization that serves multiple assessment areas, including the Southampton, VA NonMSA.

No community development loans were noted within the assessment area.

Overall, the bank's level of community development activities is considered adequate.

CRA APPENDIX D

LOAN, BRANCH, AND DEPOSIT VOLUME BY ASSESSMENT AREA

The following table includes the distribution of branch offices, along with loan and deposit volume, in each assessment area. Branch information is current as of the evaluation date, and loan volume includes all HMDA and small business loans considered in the evaluation. Deposit volume includes all bank deposits and is current as of June 30, 2018.

Assessment Area	Loan Volume				Branches		Deposit Volume	
	#	%	\$000s	%	#	%	\$000s	%
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	115	25.2%	\$65,316	43%	16	34.1%	\$541,282	27.2%
Richmond, VA MSA	155	34%	\$46,588	30.6%	11	23.4%	\$846,255	42.5%
Virginia Beach-Norfolk-Newport News, VA MSA	108	23.7%	\$30,215	19.9%	5	10.6%	\$153,702	7.7%
Charlottesville, VA MSA	11	2.4%	\$4,051	2.7%	1	2.1%	\$32,446	1.6%
Essex, VA NonMSA	57	12.5%	\$5,300	3.5%	9	19.2%	\$281,564	14.2%
Clifton Forge, VA NonMSA	4	.9%	\$46	0%	1	2.1%	\$39,102	2%
Shenandoah County, VA NonMSA	1	.2%	\$440	.3%	1	2.1%	\$39,481	2%
Southampton, VA NonMSA	5	1.1%	\$64	0%	3	6.4%	\$55,555	2.8%
Total	456	100%	\$152,020	100%	47	100%	\$1,989,387	100%

CRA APPENDIX E

ASSESSMENT AREA COMPOSITION

The following table presents the composition of the bank's assessment areas.

Assessment Area Name	State	County/City	Tracts
Multistate Metropolitan Assessment Area			
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	DC	Washington	All
	VA	Alexandria City	All
	VA	Arlington	All
	VA	Clarke	All
	VA	Culpeper	All
	VA	Fairfax	All
	VA	Fairfax City	All
	VA	Falls Church City	All
	VA	Fauquier	All
	VA	Fredericksburg City	All
	VA	Loudoun	All
	VA	Manassas City	All
	VA	Manassas Park City	All
	VA	Prince William	All
	VA	Rappahannock	All
	VA	Spotsylvania	All
	VA	Stafford	All
	VA	Warren	All
	MD	Calvert	All
	MD	Charles	All
	MD	Frederick	All
	MD	Montgomery	All
	MD	Prince George's	All
	WV	Jefferson	All

Virginia Metropolitan Assessment Areas			
Richmond, VA MSA	VA	Amelia	All
	VA	Caroline	All
	VA	Charles City	All
	VA	Chesterfield	All
	VA	Colonial Heights City	All
	VA	Dinwiddie	All
	VA	Goochland	All
	VA	Hanover	All
	VA	Henrico	All
	VA	Hopewell City	All
	VA	King William	All
	VA	New Kent	All
	VA	Petersburg City	All
	VA	Powhatan	All
	VA	Prince George	All
	VA	Richmond City	All
	VA	Sussex	All
Virginia Beach-Norfolk-Newport News, VA (partial MSA)	VA	Gloucester	All
	VA	Hampton City	All
	VA	James City	All
	VA	Mathews	All
	VA	Newport News City	All
	VA	Norfolk City	All
	VA	Poquoson City	All
	VA	Virginia Beach City	All
	VA	Williamsburg City	All
	VA	York	All
Charlottesville, VA MSA	VA	Albemarle	All
	VA	Buckingham	All
	VA	Charlottesville City	All
	VA	Fluvanna	All
	VA	Greene	All
	VA	Nelson	All
Virginia Nonmetropolitan Assessment Areas			
Essex, VA NonMSA	VA	Essex	All
	VA	King and Queen	All
	VA	Lancaster	All
	VA	Middlesex	All
	VA	Northumberland	All
	VA	Richmond	All
Clifton Forge, VA NonMSA	VA	Alleghany	All
	VA	Bath	All
	VA	Covington City	All
Shenandoah, VA NonMSA	VA	Shenandoah	All
Southampton, VA NonMSA	VA	Southampton	All
	VA	Surry	All

CRA APPENDIX F
BRANCHING ACTIVITY

Assessment Area	Date	Branch Name	Address	City	State	Zip	Acquired /Closed	Tract Income Level
Richmond, VA	6/23/17	Ashland	201 North Washington Hwy	Ashland	VA	23005	Acquired	Moderate
Richmond, VA	6/23/17	Broad Street	8821 West Broad St.	Richmond	VA	23294	Acquired	Middle
Richmond, VA	6/23/17	Central Garage	20 Commerce Ln.	King William	VA	23086	Acquired	Middle
Richmond, VA	6/23/17	Colonial Heights	3012 Boulevard	Colonial Heights	VA	23834	Acquired	Middle
Richmond, VA	6/23/17	Kings Charter	9495 Charter Gate Dr.	Mechanicsville	VA	23116	Acquired	Upper
Richmond, VA	6/23/17	Quinton	2599 New Kent Hwy	Quinton	VA	23141	Acquired	Middle
Richmond, VA	10/10/17	Rivers Bend	350 E. Hundred Road	Chester	VA	23836	Opened	Upper
Richmond, VA	6/23/17	Waverly	209 West Main St.	Waverly	VA	23890	Acquired	Moderate
Richmond, VA	6/23/17	Waverly Drive-In	233 South County Dr.	Waverly	VA	23890	Acquired	Moderate
Richmond, VA	6/23/17	Windmill	8123 Mechanicsville Tpke.	Mechanicsville	VA	23111	Acquired	Middle
Virginia Beach-Norfolk-Newport News, VA	6/23/17	Gloucester	7132 George Washington Mem. Hwy.	Gloucester	VA	23061	Acquired	Middle
Virginia Beach-Norfolk-Newport News, VA	6/23/17	Gloucester Point	1953 George Washington Mem. Hwy.	Gloucester Point	VA	23062	Acquired	Middle
Virginia Beach-Norfolk-Newport News, VA	6/23/17	Hampton	2198 Coliseum Dr.	Hampton	VA	23666	Acquired	Low
Virginia Beach-Norfolk-Newport News, VA	6/23/17	Newport News	11801 Merchants Walk	Newport News	VA	23606	Acquired	Moderate
Virginia Beach-Norfolk-Newport News, VA	6/23/17	Williamsburg	1430 High St.	Williamsburg	VA	23185	Acquired	Middle
Essex, VA NonMSA	6/23/17	Burgess	14954 Northumberland Hwy.	Burgess	VA	22432	Acquired	Upper
Essex, VA NonMSA	6/23/17	Callao	110 Northumberland Hwy.	Callao	VA	22435	Acquired	Middle
Essex, VA NonMSA	6/23/17	Deltaville	16273 General Puller Hwy.	Deltaville	VA	23043	Acquired	Upper
Essex, VA NonMSA	6/23/17	Essex Square	1665 Tappahannock Blvd.	Tappahannock	VA	22560	Acquired	Middle
Essex, VA NonMSA	6/23/17	Hartfield	11290 General Puller Hwy.	Hartfield	VA	23071	Acquired	Upper
Essex, VA NonMSA	6/23/17	Heathsville	6941 Northumberland Hwy.	Heathsville	VA	22473	Acquired	Middle
Essex, VA NonMSA	6/23/17	Kilmarnock	437 North Main St.	Kilmarnock	VA	22482	Acquired	Upper
Essex, VA NonMSA	6/23/17	Tappahannock	307 Church Ln.	Tappahannock	VA	22560	Acquired	Middle
Essex, VA NonMSA	6/23/17	Urbanna	291 Virginia St.	Urbanna	VA	23175	Acquired	Middle
Southampton, VA NonMSA	6/23/17	Courtland	22241 Main St.	Courtland	VA	23837	Acquired	Middle
Southampton, VA NonMSA	6/23/17	Courtland Drive-In	22510 Linden St.	Courtland	VA	23837	Acquired	Middle
Southampton, VA NonMSA	6/23/17	Surry	176 Colonial Trail East	Surry	VA	23883	Acquired	Upper
Washington-Arlington-Alexandria, DC-VA-MD-WV	7/1/17	Leesburg Drive In	10 West Market St.	Leesburg	VA	20176	Closed	Upper
Washington-Arlington-Alexandria, DC-VA-MD-WV	9/1/17	Broadview	550 Broadview Ave.	Warrenton	VA	20186	Closed	Moderate
Washington-Arlington-Alexandria, DC-VA-MD-WV	9/1/17	Frederick	37 North Market St.	Frederick	VA	21701	Closed	Middle

APPENDIX G

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - (A) Rates of poverty, unemployment, and population loss; or
 - (B) Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending and Community Development Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 do 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

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 and Community Development Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

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

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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

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

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

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

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

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

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) 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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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.

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