

PUBLIC DISCLOSURE

June 5, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

MVB Bank, Inc.
Certificate Number: 34603

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Fairmont, West Virginia, 26554

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Atlanta Regional Office

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Atlanta, Georgia 30309-3849

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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INSTITUTION RATING

INSTITUTION’S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

The Lending Test is rated High Satisfactory.

- Lending levels reflect good responsiveness to the assessment areas’ credit needs.
- An adequate percentage of loans are made in the institution’s assessment areas.
- The geographic distribution of loans reflects good penetration throughout the assessment areas.
- The distribution of borrowers reflects adequate penetration among retail customers of different income levels and businesses of different sizes.
- The bank made a relatively high level of community development loans in the assessment areas.
- The institution makes extensive use of flexible and/or innovative lending practices in order to serve the assessment areas.

The Investment Test is rated High Satisfactory.

- The bank has a significant level of qualified investments and grants, occasionally in a leadership position, particularly those that area not routinely provided by private investors.
- The bank exhibits good responsiveness to credit and community economic development needs.
- The institution occasionally uses innovative and/or complex investments to support

community development initiatives.

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The Service Test is rated High Satisfactory.

- Delivery systems are accessible to essentially all portions of the institution's assessment areas.
- To the extent changes have been made, the institution's opening and closing of branches throughout the assessment areas has generally not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- and moderate-income individuals.
- Services and business hours do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals.
- The institution provided a relatively high level of community development services within its assessment areas. The performance for the limited-scope areas did impact the overall rating given the limited community development services provided in the areas during the period the assessment areas operated.

DESCRIPTION OF INSTITUTION

Background

MVB Bank, Inc. (MVB Bank) is a \$3.5 billion state-chartered financial institution headquartered in Fairmont, West Virginia. MVB Bank also operates MVB Edge Ventures, LLC; Paladin Fraud, LLC; and, MVB Insurance, LLC. The bank is a wholly-owned subsidiary of MVB Financial Corp., a one-bank holding company, also headquartered in Fairmont, West Virginia. The holding company also has several non-bank subsidiaries. The bank received a Satisfactory rating at the February 10, 2020, FDIC CRA evaluation.

Operations

MVB Bank operates eight branches, one automated teller machine (ATM), and eight integrated teller machines (ITMS) in central and northern West Virginia and northern Virginia. In April 2020, MVB Bank acquired The First State Bank through a purchase and assumption agreement with the FDIC. The acquisition expanded the bank's footprint into southwestern West Virginia adding portions of the Huntington-Ashland, WV-KY-OH Multi-state Metropolitan Statistical Area (MMSA). Overall, during the review period, the bank acquired four branches, sold nine branches, and closed two branches.

The bank is primarily a commercial lender offering a wide variety of commercial loans, including owner-occupied commercial real estate, commercial investment property, commercial and industrial, and small business loans primarily through the branch network. In 2020 and 2021, MVB Bank participated in the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The program provided forgivable loans to eligible businesses to help ensure employees continued to receive paychecks during the COVID-19 pandemic. The bank was a leader in originating PPP loans, providing 4,920 loans totaling approximately \$357.9 million. MVB Bank does not offer consumer purpose loans, including 1-4 family residential loans. However, a broad line of mortgage loans is available through its affiliate Intercostal Mortgage, LLC, and MVB purchases home mortgage loans from the affiliate. MVB Bank does originate home mortgage loans to investors of such properties. MVB Bank offers a full range of banking services, including investment and cash management products and services to small- and medium-size businesses and consumers. Additionally, the bank offers a variety of deposit products, which include checking, savings, certificates of deposit, and individual retirement accounts. An ATM and ITMs, online banking, mobile banking, bill pay, and telephone banking are offered as alternative systems for delivering retail banking services.

Through the use of Financial Technology, the bank provides banking services to clients such as payment systems, digital savings, crowd funding, and lottery and gaming industries.

As of the March 31, 2023, Consolidated Reports of Condition and Income (Call Report), the bank had total assets of \$3.5 billion, total deposits of \$3.2 billion, and total loans of \$2.3 billion. Since the previous CRA performance evaluation, total assets increased by 71.0 percent. Simultaneously, the bank experienced a 104.5 percent increase in total deposits and a 51.9 percent increase in total loans. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 03/31/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	180,560	7.6
Secured by Farmland	577	0.0
Secured by 1-4 Family Residential Properties	622,489	26.1
Secured by Multifamily (5 or more) Residential Properties	63,957	2.7
Secured by Nonfarm Nonresidential Properties	762,148	32.0
Total Real Estate Loans	1,629,731	68.4
Commercial and Industrial Loans	663,865	27.9
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	80,235	3.4
Obligations of State and Political Subdivisions in the U.S.	3,984	0.2
Other Loans	3,231	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	2,381,046	100.0
<i>Source: Call Report</i>		

As reflected in the above table, significant loan types are commercial loans and 1-4 family residential-real-estate. Call Report data reflects that commercial loans, including those secured by nonfarm, nonresidential real estate, comprise 59.9 percent and 1-4 family residential-real-estate loans comprise 26.1 percent of the portfolio. Lending categories have remained consistent during the review period.

Examiners did not identify any financial, legal, or other impediments that effect the bank's ability to meet the credit needs of the assessment area.

DESCRIPTION OF ASSESSMENT AREAS

MVB Bank currently operates within three assessment areas, two located in West Virginia and one located in the Virginia. Examiners assigned individual ratings to West Virginia and Virginia.

As previously noted in the Description of Institution section, MVB Bank acquired The First State Bank in Barboursville, West Virginia on April 3, 2020. This expanded the bank's footprint to include Cabell and Putnam Counties in the Huntington-Ashland, WV-KY-OH MMSA (Huntington MSA), adding one new assessment area in West Virginia.

As noted in the table below, the bank's assessment areas have had multiple changes throughout the evaluation period with the opening and closing of branches, as well as, the banks re-evaluation of its lending patterns. All census tracts in each county and independent city are included in the assessment areas.

Description of Assessment Areas		
Assessment Area	Counties in Assessment Area	Changes Since Last Evaluation
West Virginia		
Non-MSA	Harrison and Marion Counties	
Morgantown, WV MSA (Morgantown MSA)	Monongalia County	
Charleston, WV MSA (Charleston MSA)	Kanawha County	Only branch sold in July 2021, removing the entire assessment area.
Hagerstown-Martinsburg, MD-WV MMSA (Hagerstown MSA)	Berkeley County, WV	Three branches sold in April 2021, removing assessment area.
Huntington-Ashland, WV- KY-OH MMSA (Huntington MSA)	Cabell and Putnam Counties	Added four branches in April 2020 after acquisition; branches subsequently sold in July 2021 removing assessment area.
Virginia		
Washington-Arlington- Alexandria DC-VA-MD- WV Metropolitan Division (Washington MD)	Independent Cities of Fairfax, Falls Church, Manassas, and Manassas Park City, VA; Alexandria, Arlington, Fauquier, Fairfax, Loudoun, and Prince William Counties, VA and Jefferson County, WV	Removed Jefferson County after selling sole branch in April 2021; after evaluating lending patterns in May 2021, expanded assessment area to include Alexandria, Arlington, Fauquier, and Prince Williams Counties and Falls Church City, Manassas City, and Manassas Park City
<i>Source: Bank Data</i>		

Refer to the Description of Institution’s Operations for each rated area and assessment area for more detailed information.

SCOPE OF EVALUATION

General Information

In evaluating MVB Bank’s Community Reinvestment Act (CRA) performance, examiners used the Large Institution CRA Examination Procedures, which consists of three tests: Lending, Investment, and Service. Examiners used the procedures to evaluation the bank’s CRA performance in its designated assessment areas. The evaluation period was from February 10, 2020, to June 5, 2023.

The lending test considers an institution’s performance with respect to its lending activity and assessment area concentration; geographic distribution and borrower profile characteristics; innovative and/or flexible lending practices; and community development lending. The lending test received the most weight in the evaluation, and an institution may not receive an overall “Satisfactory” rating unless it receives at least a “Low Satisfactory” lending test rating. The investment test considers the nature of an institution’s qualified investments, grants, and donations. In particular, the investment test considers the level, responsiveness, innovativeness, and complexity of these activities. Lastly, the service test analyzes an institution’s retail services in relation to accessibility of delivery systems; branch locations, including openings and closures; and reasonableness of business hours and services. The service test also evaluates an institution’s level of community development services.

Examiners evaluated the bank’s lending data, deposit activity, and branching to determine the weighting of the rated areas in the overall conclusions, analysis, and assigned ratings. As shown in the table below, a significant portion of the deposits (87.6 percent) and branches (66.7 percent) are in West Virginia. Lending in the rated areas was comparable by number, but lending by dollar amount was significantly higher in Virginia. Given the significant level of deposits and branches combined with the comparable level of lending by number of loans, more weight was placed on the performance in West Virginia. The bank operated in Virginia and West Virginia within the Washington-Arlington-Alexandria DC-VA-MD-WV Multi-state Metropolitan Statistical Area (MMSA) until April 24, 2021, when the sole branch in Jefferson County, West Virginia was sold. As a result, the Washington-Arlington-Alexandria DC-VA-MD-WV MMSA was a separate rated area from February 10, 2020, until April 24, 2021. With the branch sale, the rated area transitioned to the Virginia state rating. The MMSA rated area was analyzed separately but is combined with the Virginia rated area for presentation given that the overall MMSA performance and the Virginia state performance were consistent as Jefferson County represented only a small portion of the bank’s operations in the area.

Assessment Area Breakdown of Loans, Deposits, and Branches												
Rated Area/ Assessment Area	Loans						Deposits			Branches		
	\$(000s)	% Bank	% Rated Area	#	% Bank	% Rated Area	\$(000s)	% Bank	% Rated Area	#	% Bank	% Rated Area
Non-MSA (FS)	95,405	16.0	50.1	465	26.3	51.3	738,115	28.1	32.1	4	50.0	66.7
Morgantown MSA (FS)	43,746	7.3	23.0	156	8.8	17.2	1,564,571	59.5	67.9	2	25.0	33.3
Charleston MSA (LS)	30,726	5.2	16.1	161	9.1	17.8	0	0.0	0.0	0	0.0	0.0
Hagerstown MSA (LS)	4,574	0.8	2.4	33	1.9	3.6	0	0.0	0.0	0	0.0	0.0
Huntington MSA (LS)	16,049	2.7	8.4	92	5.2	10.1	0	0.0	0.0	0	0.0	0.0
West Virginia Subtotal	190,500	32.0	100.0	907	51.3	100.00	2,302,686	87.6	100.0	6	75.0	100.0
Washington MD (FS)	405,276	68.0		859	48.7		328,613	12.4		2	25.0	
Virginia	405,276	68.0		859	48.7		328,613	12.4		2	25.0	
Total	595,776	100.0		1,766	100.0		2,631,299	100.0		8	100.0	

Source: 2019 – 2020 HMDA Data; 2019 – 2022 CRA Data; Bank Records; and, FDIC Summary of Deposits (06/30/2022).
FS – Full-Scope; LS – Limited-Scope.

Activities Reviewed

The CRA procedures require examiners to review lending performance with respect to home mortgage, small business, and small farm loans, if significant. The bank’s primary lending product is small business lending. Since the previous examination, the bank ceased originating all types of consumer purpose loans, including home mortgage loans, although the bank continues to purchase residential mortgage loans from its affiliate. This evaluation includes a review of small business loans reported during 2019-2022 under the CRA. This evaluation also includes a review of home mortgage loans reported pursuant to the Home Mortgage Disclosure Act (HMDA) for 2019 and 2020. The bank collected home mortgage data for 2021 and 2022 but did not report the data under the HMDA requirements. Thus, the universe of home mortgage data collected for 2021 and 2022 was used for the analysis. However, the data reflects the vast majority of home mortgage loans were originated or purchased in the Washington MD assessment area. Home mortgage lending in the West Virginia rated area totaled only 180 loans across the four years and five assessment areas resulting in limited home mortgage lending annually in each assessment area. Additionally, many

of the home mortgage loans originated in West Virginia were for investment properties; therefore, no borrower income data is available resulting in a reduced level of home mortgage loans for analysis under the Borrower Profile criteria. Therefore, home mortgage lending is only analyzed and presented for the Washington MD assessment area. Additionally, the bank has not originated any small farm loans since the previous examination.

Tables in the assessment area analyses for small business loans present 2021 as this is the most recent years for which aggregate data is available for comparison purposes and performance is generally consistent across the years reviewed. The tables present 2022 home mortgage lending data for the Washington MD assessment area, as the bank is currently not a HMDA reporter and this is the most recent full calendar year of data available. Although, 2021 small business loans and 2022 home mortgage loans are being presented for Geographic Distribution and Borrower Profile, performance the 2019, 2020, and 2022 for small business loans and 2019 through 2021 for home mortgage loans was reviewed and will be discussed if anomalies are present. Assessment area concentration will be presented for each year reviewed and contain the universe of small business and mortgage loans.

A majority of the PPP loans originated in 2020 and 2021 are included within the Retail Lending Test; however, some qualified as community development loans. Banks were not required to collect revenue information when originating PPP loans and, as a result, there is a significant number of loans under the Borrower Profile performance factor with revenue not reported, which impacts the analysis. Therefore, when reviewing Borrower Profile performance for small business loans, where a significant level of loans did not provide revenue information, examiners also analyzed the small business loans without revenue available by loan size.

In addition, lending analysis primarily considers the number of loans rather than the dollar amount, given the number of loans reflects the number of persons and businesses impacted. However, evaluations also consider the qualitative aspects of the dollar amount of lending.

Lastly, the Geographic Distribution and Borrower Profile discussion focuses only on loans MVB Bank originated and purchased within the assessment areas.

Federal banking agencies rely on the U.S. Census data that is updated every five years through the American Community Survey (ACS) for comparative demographic data for the home mortgage lending and D&B data for small business. Additionally, aggregate data is used for comparative purposes, as applicable. Lending performance for each year was compared to the demographic data provided by the 2015 ACS for home mortgage lending, and performance for 2019 and 2020 was compared to 2019 and 2020 aggregate data as the bank did report HMDA data for those years. For small business lending, the bank's performance was compared to demographic data provided annually by D&B, as well as the respective 2019, 2020, and 2021 CRA aggregate data. For the Geographic Distribution analysis, the bank's home mortgage and small business lending performance is compared to the level of owner-occupied housing and businesses located in low-, moderate-, middle-, and upper-income tracts, as applicable. For Borrower Distribution analysis, the bank's performance is compared to the level of low-, moderate-, middle-, and upper-income families for home mortgage lending and the percentage of businesses with gross annual revenues of \$1 million or less.

When weighing the loan products' effect on the conclusions, other than Community Development Lending, examiners evaluated home mortgage and small business loans on the volume of lending by dollar volume and by number of loans over the review period as well as the bank's overall business strategy. As shown in the table, MVB Bank's overall home mortgage and small business loan data reflect significant emphasis on small business lending by number, but mortgage lending is significantly higher by dollar amount. Additionally, lending within the rated areas varies with small business lending being the primary product in West Virginia and the assessment areas by number of loans, and home mortgage lending being the primary product in the Virginia and the Washington MD assessment area.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Home Mortgage	1,323	783,887	1,323	783,887
Small Business	5,300	497,788	5,300	497,788
Small Farm	0	0	0	0

Source: 2019, 2020, 2021, and 2022 CRA Data and Bank Records

The following table reflects loans originated or purchased during 2022.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	109,525	8.6	43	3.9
Secured by Farmland	0	0.0	0	0.0
Secured by 1-4 Family Residential Properties	432,435	33.9	679	61.2
Multi-Family (5 or more) Residential Properties	32,110	2.5	3	0.3
Commercial Real Estate Loans	244,108	19.1	79	7.1
Commercial and Industrial Loans	458,985	35.9	305	27.4
Agricultural Loans	0	0.0	0	0.0
Consumer Loans	0	0.0	0	0.0
Other Loans	150	0.0	1	0.1
Total Loans	1,277,313	100.0	1,110	100.0

Source: Bank Data

Additionally, a review of the delivery systems for retail banking services and the impact of any branch openings or closures was completed. The impact of branch openings and closings is discussed under the overall Conclusions on Performance Criteria as well as in each rated area and assessment area where branch changes occurred. The branch distribution by income of the geography is based on the 2020 U.S. Census data. Retail banking services were reviewed to ensure that the needs of the assessment areas are being met, especially for low- and moderate-income borrowers and small businesses. The branch office distribution period is from February 10, 2020, through June 5, 2023.

The evaluation period for community development loans, qualified investments, and community development services is February 10, 2020, through June 5, 2023. All qualified investments purchased prior to the last evaluation date and still outstanding as of this evaluation date are also included. Furthermore, examiners evaluated community development activities quantitatively based on the financial capacity of the bank, as well as qualitatively based upon the impact to the assessment areas.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated High Satisfactory. Lending levels reflect good responsiveness to the assessment areas' credit needs, and an adequate percent of loans were made in the institution's assessment areas. The geographic distribution of loans reflects good penetration throughout the assessment areas, and the distribution of loans to borrowers of different incomes and businesses of different sizes is adequate. The institution has made a relatively high level of community development loans within the assessment areas and makes extensive use of flexible and/or innovative lending practices in order to serve the assessment areas' credit needs. The bank's overall performance is consistent with the rated areas.

Lending Activity

Lending levels reflect good responsiveness to the assessment areas' credit needs given the bank's asset size, assessment area credit needs, and business strategy. As of the March 31, 2023, Consolidated Report of Condition and Income, MVB Bank had a 74.0 percent net loan-to-deposit ratio, which is a significant decrease from 104.2 percent at the previous evaluation. The loan-to-deposit ratio has fluctuated throughout the evaluation period from a high of 92.1 percent in the second quarter of 2020 to a low of 71.5 percent in the fourth quarter of 2020. In addition, the bank's average loan-to-deposit ratio over the prior 13 quarters since the previous evaluation is 79.8 percent.

Assessment Area Concentration

An adequate percentage of loans was made within the assessment areas. Overall, a majority of home mortgage loans originated or purchased are within the assessment area. In total, a majority of small business loans were originated outside of the assessment area. This was due to the bank originating a large percentage of PPP loans in 2021 outside of the assessment area. If the PPP loans were not considered, the overall total of small business loans inside the assessment area would be higher at 57.9 percent by and 49.6 by dollar volume.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				
	Inside		Outside			Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2019	95	56.9	72	43.1	167	45,895	49.2	47,440	50.8	93,335
2020	159	71.6	63	28.4	222	54,139	63.4	31,194	36.6	85,333
2021	204	68.7	93	31.3	297	88,235	58.7	62,097	41.3	150,332
2022	298	46.8	339	53.2	637	206,997	45.5	247,890	54.5	454,887
Subtotal	756	57.1	567	42.9	1,323	395,266	50.4	388,621	49.6	783,887
Small Business										
2019	206	59.4	141	40.6	347	46,852	57.2	35,011	42.8	81,863
2020	470	75.2	155	24.8	625	70,907	67.6	33,997	32.4	104,904
2021	248	6.0	3,882	94.0	4,130	49,975	22.5	172,139	77.5	222,114
2022	86	43.4	112	56.6	198	32,776	36.9	56,131	63.1	88,907
Subtotal	1,010	19.1	4,290	80.9	5,300	200,510	40.3	297,278	59.7	497,788
Total	1,766	26.7	4,857	73.3	6,623	595,776	46.5	685,899	53.5	1,281,675

Source: 2019 and 2020 HMDA Data; Bank Records; and, 2019-2022 CRA Data.

Geographic Distribution

Overall, the geographic distribution of loans reflects good penetration throughout the assessment areas. The geographic distribution is consistent overall in the rated areas.

Borrower Profile

Overall, the borrower profile reflects adequate penetration among individuals of different income levels and businesses of different sizes. The borrower profile is inconsistent overall in the rated areas with West Virginia considered adequate, and Virginia noted as excellent.

Innovative or Flexible Lending Practices

MVB Bank makes extensive use of innovative and/or flexible lending practices in order to serve the assessment areas' credit needs. During the evaluation period, the bank provided 5,270 loans totaling \$907.0 million under innovative and/or flexible loan programs. This performance represents a significant increase by number and dollar volume from the previous evaluation. While this increase is largely due to the bank's participation in the SBA's PPP that occurred in 2020 and 2021, the bank also saw very significant increases in Small Business Administration (SBA) 504, 7a, and Express loans as well as in MVB Responsive Small Business Product – Government Contracting loans. A summary of the programs offered by MVB Bank is detailed below.

SBA 504 Loan Program

The 504 Loan Program provides long-term, fixed rate financing for major fixed assets that promote business growth and job creation. SBA 504 loans are available through Certified Development Companies (CDCs), SBA's community-based partners who regulate non-profits and promote economic development within their communities. CDCs are certified and regulated by the SBA.

SBA 7A and Express Loans

The 7(a) loan program is SBA's primary program for providing financial assistance to small businesses. The terms and conditions, such as the guaranty percentage and loan amount, may vary by loan type. The SBA Express program features an accelerated turnaround time for SBA review with a response within 36 hours.

MVB Small Business Product – Government Contracting Loans and Leases

MVB Bank offers a loan program for government contracting focused small businesses. The program allows greater leverage and access to capital based on expected accounts receivable and government contracts. This program customizes loans to meet customers' specific needs. The MVB Government Contracting team works with government contractors, and the majority of the businesses funded have been small.

First Front Door Loans

This loan program provides down-payment and closing-cost assistance to eligible first-time homebuyers who are at or below 80 percent of the area median income. MVB Bank partners with the Federal Home Loan Bank (FHLB) of Pittsburgh to provide these loans. For every \$1 the homebuyer contributes toward the down-payment or closing costs, the bank will loan \$3, up to a maximum of \$5,000.

Affordable Housing Program Loans

The Affordable Housing Program (AHP) through the FHLB of Pittsburgh provides grants and subsidized loans for the acquisition, construction, or rehabilitation of housing for households with incomes at or below 80 percent of the area median income. MVB Bank, in addition to assisting with submission of grant packages to the FHLB, also provides construction loans to AHP sponsors as the funds are reimbursed by AHP grants upon project completion. Since the previous evaluation, the applicant partners have included local housing agencies and non-profit organizations.

New Market Tax Credit Program (NMTC) Loan Program

Low-income communities have historically experienced a lack of investment, as evidenced by vacant commercial properties, outdated manufacturing facilities, and inadequate access to education and healthcare service providers. The NMTC Program aims to break the cycle of disinvestment by attracting private investment necessary to reinvigorate struggling economies. The need is particularly great in West Virginia.

Entrepreneur Backed Assets (EBA) Fund Partnership Loans

The EBA Fund purchases small business loans directly from Community Development Financial Institutions (CDFIs) when they need lending liquidity. The Latino Economic Development Center, a CDFI serving Hispanic neighborhoods in the Washington MD assessment area, needed to sell loans in order to make new loans. MVB Bank purchased several loans as a pilot project, providing the CDFI with needed liquidity.

SBA PPP Loans

SBA PPP loans are forgivable SBA-backed loans that helped businesses keep their workforce employed during the COVID-19 pandemic.

Foreclosure Prevention and Modification Programs

During the COVID-19 pandemic, MVB Bank launched loan modification initiatives to help impacted consumer and business clients. In response to unprecedented events in the financial markets and the downturn of the economy, MVB Bank revised its credit policy to provide alternative solutions to avoid foreclosure for commercial and residential mortgage borrowers willing to, but having difficulty meeting, repayment obligations. MVB Bank provided COVID-19 deferrals and modifications to 147 commercial customers with loan balances totaling \$208.0 million at the time of relief. In addition, MVB Bank provided COVID-19 deferral and modifications to 37 residential mortgage customers with balances totaling \$16.3 million at the time of relief. All deferrals and modifications were to customers within the assessment areas.

Innovative or Flexible Lending Programs										
Type of Program	2020*		2021		2022		2023		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
SBA 504 Loans	0	0	16	20,400	54	88,362	0	0	70	108,762
SBA 7A and Express Loans	7	1,113	55	44,004	85	132,126	0	0	147	177,243
MVB Small Business Product – Government Contracting Loans	12	29,091	12	28,725	29	88,402	3	6,333	56	152,551
MVB Small Business Product – Government Contracting Leases	14	31,319	26	56,525	17	17,496	0	0	57	105,340
First Front Door Loans	1	5	8	40	1	5	0	0	10	50
AHP Loans	1	425	1	142	2	575	0	0	4	1,142
NMTC Loan	0	0	1	4,000	0	0	0	0	1	4,000
EBA Fund Partnership Loans	0	0	0	0	0	0	5	28	5	28
SBA PPP Loans	455	89,760	4,465	268,100	0	0	0	0	4,920	357,860
Totals	490	151,713	4,584	421,936	188	326,966	8	6,361	5,270	906,976
<i>Source: Bank Data. *02/10/2020-06/05/2023</i>										

MVB Bank provides the flexible lending programs throughout all assessment areas. Therefore, the lending test conclusions pertaining to rated areas and full-scope assessment areas do not address the bank's performance with regards to Innovative and/or Flexible Lending Practices.

Community Development Loans

MVB Bank has made a relatively high level of community development loans. During the evaluation period, the bank extended 86 community development loans totaling approximately \$130.2 million. This activity accounts for 6.8 percent of average total loans and 4.8 percent of average total assets. Of the community development loans, 34 totaling approximately \$20.7 million are SBA PPP loans. The overall performance is greater than the performance at the previous evaluation based on dollar volume, while the percentage of average total loans and assets has decreased. The bank has seen significant growth since the previous evaluation with average total assets increasing 40.8 percent and average total loans increasing 24.4 percent. Community development lending was adequate in the West Virginia rated area, while the institution was a leader in making community development loans in Virginia.

Of the 86 community development loans, 17 loans totaling \$90.8 million (69.7 percent) are within the broader state-wide areas. The bank has been responsive to community development needs and opportunities inside its assessment areas; thus, these loans are included. Refer to each rated area and assessment area for a detailed discussion and examples of community development loans.

Community Development Lending by Activity Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2/10/2020-6/5/2023	5	11,021	16	3,720	6	8,724	13	14,816	40	38,281
2021	8	24,196	6	974	3	1,595	6	4,361	23	31,126
2022	3	1,475	2	260	10	18,332	5	32,452	20	52,519
1/1/2023-6/5/2023	0	0	2	270	0	0	1	8,000	3	8,270
Total	16	36,692	26	5,224	19	28,651	25	59,629	86	130,196

Source: Bank Data

Community Development Lending by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
West Virginia	10	2,691	24	4,770	9	12,513	12	17,049	55	37,023
Virginia	6	34,001	2	454	10	16,138	13	42,580	31	93,173
Total	16	36,692	26	5,224	19	28,651	25	59,629	86	130,196

Source: Bank Data

INVESTMENT TEST

The Investment Test is rated High Satisfactory. MVB Bank maintains a significant level of qualified investments and donations, occasionally in a leadership position, particularly those that are not routinely provided by private investors. In addition, the bank exhibits good responsiveness to credit and community economic development needs and occasionally uses innovative and/or complex investments to support community development initiatives. The institution's overall rating is consistent among the two rated areas.

Investment and Grant Activity

MVB Bank has a significant level of qualified community development investments and grants. During the evaluation period, the bank made 212 qualified investments and donations totaling \$66.6 million. This level of investment activity represents 2.4 percent of average total assets and 18.4 percent of average total securities since the previous evaluation. This level of investments represents a decrease from qualified investments of \$75.8 million at the prior evaluation. Of the \$66.6 million, \$52.0 million are new qualified investments, \$14.0 million are prior period investments, and \$539,000 are donations.

In addition, \$9.9 million of the qualified investments are regional investments that impact both rated areas and multiple assessment areas. However, where applicable, examiners discuss that the regional investments contain portions that benefitted specific assessment areas. Regional mortgage-backed security (MBS) investments that are able to be allocated to specific rated areas or assessment areas total \$9.4 million and are presented in the rated area tables and the assessment area discussions. The remaining regional MBSs total \$556,300 do not benefit a specific assessment area but are within West Virginia.

Qualified Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	16	6,709	0	0	1	250	4	7,080	21	14,039
02/01/2020-06/05/2023	2	5,589	2	2,233	5	2,231	1	17,997	10	28,050
2021	9	12,627	0	0	2	275	3	10,191	14	23,093
2022	0	0	0	0	0	0	1	862	1	862
01/01/2023-06/05/2023	0	0	0	0	0	0	0	0	0	0
Subtotal	27	24,925	2	2,233	8	2,756	9	36,130	46	66,044
Qualified Grants & Donations	13	30	125	386	21	51	7	57	166	524
Total	40	24,955	127	2,619	29	2,807	16	36,187	212	66,568

Source: Bank Data.

Qualified Investments by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
West Virginia	13	2,285	101	1,262	22	2,772	15	34,952	151	41,271
West Virginia State-wide	0	0	14	1,333	2	10	1	1,234	17	2,577
West Virginia Subtotal	13	2,285	115	2,595	24	2,782	16	36,186	168	43,848
Virginia	11	12,765	12	24	5	25	0	0	28	12,814
Rated-Area Subtotals	24	15,050	127	2,619	29	2,807	16	36,186	196	56,662
Regional Activities	16	9,906	0	0	0	0	0	0	16	9,906
Total	40	24,956	127	2,619	29	2,807	16	36,186	212	66,568

Source: Bank Data

Responsiveness to Credit and Community Development Needs

MVB Bank exhibits good responsiveness to credit and community development needs throughout the assessment areas. The bank continues to be responsive in providing for affordable housing needs and the economic needs of small businesses through investments in municipal bonds, MBSs, low-income housing tax credits (LIHTC), and charitable contributions. A large portion of the qualified investments support affordable housing and revitalization and stabilization.

- *Mortgage-Backed Securities* - MBSs are an investment vehicle whereby home mortgage loans are pooled. The loan pool is then securitized and sold to investors, which provides additional liquidity for home mortgage lending. The MBSs purchased by the bank include loans to low- and moderate-income borrowers or low- and moderate-income areas. The MBSs contain loans within the assessment areas, as well as a broader state-wide area within West Virginia.
- *Community Affordable Housing Equity Corporation (CAHEC)* - CAHEC is a non-profit equity syndicator that serves the southeastern United States, including West Virginia and Virginia. CAHEC focuses on raising capital for investments in qualified LIHTC developments to include a variety of tax-credit preservation and revitalization projects. The organization focuses on smaller projects of 50 or fewer units that are typically ignored by larger sponsors and syndicators.
- *Bonds* – Municipal bonds that provide infrastructure development in low- and moderate-income census tracts, job creation, renovations and improvements vital to revitalization.
- *Charitable Contributions* - Qualified donations provide benefit for affordable housing, family services, economic development, literacy, and continuing education. Many organizations rely on these contributions to continue services.

As the bank’s responsiveness is similar bank-wide, the Investment Test conclusions within each rated area and full-scope assessment area do not address the bank’s performance with regards to Responsiveness to Credit and Community Development Needs

Community Development Initiatives

MVB Bank occasionally uses innovative and/or complex investments to support community development initiatives. While none of the bank's qualifying investments or grants are considered innovative, the three LIHTCs are very complex investments and not routinely made by private investors.

Performance in this criterion is consistent throughout the rated areas and assessment areas. Therefore, the Investment Test conclusions with regards to innovativeness and complexity for each rated area and full-scope assessment area omit further discussion of this performance criterion.

SERVICE TEST

The Service Test is rated High Satisfactory. Delivery systems are accessible to essentially all portions of the assessment areas. To the extent changes have been made, the institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Services and business hours do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals. MVB Bank provided a relatively high level of community development services throughout the assessment areas given the limited community development services provided in the limited-scope assessment areas during the period the assessment areas operated. The institution's overall performance is consistent with the conclusions for the West Virginia rated area and inconsistent with the overall performance in Virginia.

Accessibility of Delivery Systems

MVB Bank's delivery systems are accessible to essentially all portions of the assessment areas. As of the evaluation date, MVB Bank operates eight branches, all of which are full-service offices. In addition, the bank operates one ATM and eight ITMs throughout the assessment areas. One ITM is not co-located with a branch but is located at an operation center in the Morgantown MSA assessment area.

One full-service branch (12.5 percent) is located in a low-income tract, with no branches in moderate-income tracts. The percent of branches within the low-income tracts is above the population within those tracts. However, in areas, MVB Bank operates branches in close proximity to the low- and moderate-income areas that helps provide accessibility to banking services and enables the bank to reasonably serve adjacent low- and moderate-income tracts. Additionally, the one branch located in the low-income tract can reasonably serve the surrounding low- and moderate-income tracts.

The branch distribution by income level of the geography is shown in the following table.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	27	4.0	122,711	4.3	1	12.5	1	11.1
Moderate	95	14.1	441,218	15.5	0	0.0	0	0.0
Middle	243	36.1	1,007,958	35.4	2	25.0	3	33.3
Upper	293	43.5	1,263,758	44.3	5	62.5	5	55.6
NA	15	2.2	15,652	0.5	0	0.0	0	0.0
Totals	673	100.0	2,851,297	100.0	8	100.0	9	100.0

*Source: 2020 U.S. Census and Bank Data.
Due to rounding, totals may not equal 100.0 percent.*

Overall, the additional alternative delivery systems are consistent throughout each rated area and assessment area. Therefore, the Service Test conclusions for each rated area and full-scope assessment area omit further discussion of the additional alternative delivery systems. Additionally, branch accessibility is only presented in the rated areas and assessment areas that differ from the overall bank-wide conclusion.

Changes in Branch Locations

To the extent changes have been made, the institution's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

Since the previous performance evaluation, the bank acquired four branches through an agreement with the FDIC to purchase certain assets of The First State Bank, Barboursville, West Virginia. Of the four branches, one (25.0 percent) was located in low-income census tract, two (50.0 percent) were located in middle-income census tracts, and one (25.0 percent) was located in an upper-income census tract. Additionally, the bank sold nine branches and closed two branches. Of the branches sold, one was in a low-income tract, and one was in a moderate-income tract. One of the branches closed was in a low-income tract. As shown in the table below, the net effect was a net decrease of 1 branch in a low-income census tract, 1 branch in moderate-income census tracts, 4 branches in middle-income census tracts, and 1 branch an upper-income census tracts. The changes in branch location are only discussed within the rated areas and full-scope assessment areas in which changes occurred.

Net Distribution of Branch Openings/Closings						
Rated Area	# of Branch Openings	# of Branch Closings	Income Level of Census Tract (+/-)			
			Low	Moderate	Middle	Upper
West Virginia	4	9	0	-1	-3	-1
Virginia/Washington MD	0	2	-1	0	-1	0
Total	4	11	-1	-1	-4	-1

Source: Bank Data

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals. MVB Bank offers a full range of consumer and commercial loan and deposit products through its branch network. Business hours are reasonable, comparable to other local financial institutions, and are generally 9:00 a.m. to 5:00 p.m. Monday through Friday in West Virginia and 9:00 a.m. to 4:00 p.m. on Monday through Friday for Virginia.

Each branch office has an ATM or ITM. The only ATM is full-service, accepting deposits and loan payments as well as providing cash and balance inquiries. Each ITM provides access to an interactive teller and serves as an ATM. ITMs connect customers to an MVB Bank team member from 7:00 a.m. to 7:00 p.m. on Monday through Friday. MVB Bank offers mobile banking, which allows customers to check account balances, view transactions, transfer funds between accounts, pay bills, make deposits, and locate branches and ATMs/ITMs. In addition, drive-up windows are located at four branch offices, with two offering Saturday hours of 9:00 a.m. to 12:00 p.m., including the one branch located in a low-income census tract.

Each branch offers the same products and services and maintains similar hours. Therefore, the Service Test conclusions for each rated area and full-scope assessment area omit further discussion of this performance factor.

Community Development Services

MVB Bank provided a relatively high level of community development services. Employees and directors used their financial and banking expertise to provide 216 instances and 2,125 hours of community development service.

The nationwide lockdown during the COVID-19 pandemic impacted the bank's ability to complete qualified services, especially financial education with public school partners and community service agencies. In response, the bank sought alternative and creative methods for bank employees to continue to deliver financial education services to these partners. The bank offered a program called the Read Aloud Virtual Library that featured fun and educational children's books related to financial principles. These stories were presented virtually by MVB Bank team members or a link was provided to a pre-recorded reading. Data provided by the bank indicates these stories were viewed over 1,000 times collectively. Additionally, the bank created a four-part webinar series focusing on fraud prevention. The webinar was released to 39 community service partner agencies that provide services to low- and moderate-income families and small businesses throughout the assessment areas.

Bank management and employees provided financial advice and assistance to organizations with missions consistent with the definition of community development. The type and level of assistance provided varied with each employee and organization but generally is on-going for multiple years, as some hold positions on the Board or committees of the organizations. The organizations served provide an array of services to low- and moderate-income individuals and small businesses, including economic development, small business development, education, healthcare, and basic

human needs for low- and moderate-income individuals and areas. The following tables provide the community development services by rated area, number and hours, activity, and year. Refer to the discussion of community development services within each rated area and full-scope assessment area for additional details and examples.

Community Development Services										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours
West Virginia	36	148	94	945	25	254	24	383	179	1,730
Virginia	2	14	18	180	2	30	0	0	22	224
Regional Activities	1	<1	3	9	11	162	0	0	15	171
Total	39	162	115	1,134	38	446	24	383	216	2,125

Source: Bank Data

Community Development Services by Activity Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours
02/10/2020-12/31/2020	26	107	22	218	8	120	5	139	61	584
2021	4	30	36	444	17	205	5	88	62	767
2022	9	25	34	410	13	121	9	130	65	686
01/01/2023-06/05/2023	0	0	23	62	0	0	5	26	28	88
Total	39	162	115	1,134	38	446	24	383	216	2,125

Source: Bank Data

As noted in the above table, the bank also provide 15 community services totaling 171 hours in the regional area that included the assessment areas in West Virginia and Virginia rated areas. These services were the Read Aloud Virtual Library Program discussed above.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

WEST VIRGINIA

CRA RATING FOR WEST VIRGINIA: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WEST VIRGINIA

The evaluation of performance in West Virginia considered the operations of MVB Bank in four assessment areas, which are detailed under the Description of Assessment Areas. The Charleston MSA and Hagerstown MSA assessment areas are no longer part of the bank's assessment areas as of the date of this evaluation as the branches were sold in 2021. However, the assessment areas are considered and presented, as they were assessment areas for 2019, 2020, and a portion of 2021.

The Huntington MSA assessment area was added after the purchase of four branches in 2020 with the acquisition of The First State Bank, Barboursville, West Virginia. The branches were sold in 2021, and the assessment area ceased. As this assessment area overlapped two activity years and existed for only 15 months, no lending activity is presented. However, loans originated in the assessment area during the active timeframe are included in the Assessment Area Concentration criteria, and community development activity was included in the overall West Virginia rated area.

The bank operates six or 75.0 percent of its total branch offices in West Virginia. West Virginia accounts for 32.0 percent of bank-wide loans by dollar volume, 51.3 percent of lending by number of loans, and 87.6 percent of the bank-wide deposits. Overall, MVB Bank ranks 3rd with a deposit market share of 10.4 percent within the West Virginia assessment areas. Competitor institutions in the assessment areas include Truist Bank, United Bank, and Huntington National Bank. Together, the three competitor institutions account for 49.8 percent of the market share.

SCOPE OF EVALUATION – WEST VIRGINIA

Examiners conducted full-scope reviews of performance in the Non-MSA and Morgantown MSA assessment areas. A significant portion of the state-wide lending (68.5 percent by number of loans and 73.1 percent by dollar volume), deposits (91.5 percent), and branches (100.0 percent) in West Virginia are concentrated in these assessment areas. Additionally, given changes to the assessment areas during the evaluation period, the Non-MSA and Morgantown MSA assessment areas are currently the only two remaining West Virginia assessment areas. Overall, the Non-MSA assessment area represents 51.3 percent of loans by number of loans, 50.1 percent of loans by dollar volume, 38.1 percent of deposits, and 50.0 percent of the branches within West Virginia. Therefore, the Non-MSA assessment area received greater weight. Examiners conducted limited-scope reviews for the Charleston MSA and Hagerstown MSA assessment areas given the limited lending in those areas combined with the time frame the assessment areas existed during the evaluation period.

CONCLUSIONS ON PERFORMANCE CRITERIA IN WEST VIRGINIA

LENDING TEST

The Lending Test is rated High Satisfactory. Lending levels reflect good responsiveness to the West Virginia assessment areas' credit needs. The geographic distribution reflects good penetration throughout the assessment areas, and the borrower profile reflects adequate penetration among businesses of different sizes. The bank makes extensive use of innovative and/or flexible lending practices. The bank made an adequate level of community development loans in West Virginia. Lending performance in the full-scope assessment areas was consistent.

Lending Activity

Lending levels reflect good responsiveness to the West Virginia assessment areas' credit needs. The tables presented in each assessment area detail the number and dollar volume of small business loans originated in 2021.

Geographic Distribution

The geographic distribution of small business loans reflects good penetration throughout the assessment areas. Performance was consistent in the full-scope assessments areas.

Borrower Profile

The distribution of small business loans reflects adequate penetration to businesses of different sizes. Performance varied in the full-scope assessments.

Community Development Loans

MVB Bank made an adequate level of community development loans in West Virginia. During the evaluation period, the bank originated 55 community development loans totaling \$37.0 million. This performance represents 64.0 percent by number and 28.4 percent by dollar volume of bank-wide community development loans. The bank saw an increase in the number of community development loans and a significant decrease in the dollar amount of community development loans from the 36 loans totaling \$92.0 million originated at the previous evaluation. Community development loans include 2 loans for \$15.5 million that are located in the broader state-wide area and are considered given the bank has been responsive to the assessment areas. The loans were originated to a business located in a moderate-income census tract to help retain jobs in the area, with one being a NMTC loan. Performance is consistent across the full-scope assessment areas. Refer to each full-scope assessment area for additional details and examples of community development loans.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Non-MSA	2	250	17	2,749	5	2,050	4	1,212	28	6,261
Morgantown MSA	5	1,192	2	200	1	2,900	5	7,784	13	12,076
Charleston MSA	2	521	3	1,642	0	0	2	53	7	2,216
Hagerstown MSA	0	0	0	0	0	0	0	0	0	0
Huntington MSA	1	728	2	179	2	75	0	0	5	982
State-wide Activities	0	0	0	0	1	7,488	1	8,000	2	15,488
Total	10	2,691	24	4,770	10	20,513	11	9,049	55	37,023
<i>Source: Bank Data</i>										

INVESTMENT TEST

The Investment Test is rated High Satisfactory. The bank has a significant level of qualified investments and donations in West Virginia. The bank exhibits good responsiveness to credit and community development needs and occasionally uses innovative and/or complex investments to support community development initiatives. Performance in the full-scope assessment areas varied.

Investment and Grant Activity

Qualified investments total \$48.0 million and represent 72.1 percent of bank-wide qualified investments. The total includes current period investments in LIHTCs of \$949,000, municipal bonds of \$31.4 million, and 132 donations totaling approximately \$303,800. Prior period investments total \$8.6 million for affordable housing and revitalizing and/or stabilizing geographies. Additionally, regional qualified investments that impact multiple assessment areas consist of \$3.0 million of prior period MBSs and \$1.1 million of current period MBSs and are discussed within the assessment area impacted. In addition to qualified investments within the assessment areas, the bank made 17 investments for \$2.6 million within the state-wide area that includes the bank's assessment areas.

Community Development Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Non-MSA	5	1,325	57	137	12	1,465	5	54	79	2,981
Morgantown MSA	6	957	27	46	7	1,304	8	34,895	48	37,202
Charleston MSA	2	3	6	13	0	0	2	3	10	19
Huntington MSA	0	0	11	1,067	3	2	0	0	14	1,069
Hagerstown MSA	0	0	0	0	0	0	0	0	0	0
State-wide Activities	0	0	14	1,333	2	10	1	1,234	17	2,577
Regional Activities	16	4,128	0	0	0	0	0	0	16	4,128
Total	29	6,413	115	2,595	24	2,782	16	36,186	184	47,976

Source: Bank Data

Provided below are examples of qualified investments that benefitted the state-wide area.

- donations totaling \$114,579 to a non-profit organization that focuses on youth drug prevention for at-risk youth in West Virginia public schools. The majority of schools and students in West Virginia are eligible for free or reduced lunch.
- \$10,000 to a non-profit organization that advocates for and places children who are wards of the state.

Refer to each full-scope assessment area for additional details and examples of qualified investments that specifically benefit the assessment areas.

SERVICE TEST

The Service Test is rated High Satisfactory. MVB Bank’s delivery systems are accessible to essentially all portions of the bank’s assessment areas. To the extent changes have been made, the institution’s opening and closing of branches has generally not adversely affected the accessibility of delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. MVB Bank provided a relatively high level of community development services among the assessment areas.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has generally not adversely affected the accessibility of delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Since the previous evaluation, the bank acquired four branches, sold eight branches, and closed one. As previously mentioned, the bank acquired four branches, including one branch in a low-income census tract, through an agreement with the FDIC when MVB Bank purchased the deposits and certain assets of The First State Bank, Barboursville, West Virginia. This resulted in the creation of the Huntington

MSA assessment area in April 2020. The bank subsequently sold the four branches in July 2021 and eliminated the Huntington MSA assessment area. Additionally, the bank sold three branches, including one in a moderate-income census tract, in the Hagerstown MSA in April 2020 and eliminated the Hagerstown MSA assessment area. Further, the bank sold the remaining branch located in the Charleston MSA assessment area in July 2021, which eliminated the Charleston MSA assessment area. Lastly, the bank closed a branch located in the Morgantown MSA assessment area in January 2020.

As shown in the table below, the net effect was a net decrease of one branch in a moderate-income census tract, three branches in middle-income census tracts, and one branch in upper-income census tract. Additional details of changes in branch locations are contained within each assessment area for which changes occurred.

Net Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Income Level of Census Tract (+/-)			
			Low	Moderate	Middle	Upper
Non-MSA	0	0	0	0	0	0
Morgantown MSA	0	1	0	0	0	-1
Charleston MSA	0	1	0	0	-1	0
Hagerstown MSA	0	3	0	-1	-2	0
Huntington MSA	4	4	0	0	0	0
Total	4	9	0	-1	-3	-1

Source: Bank Data

Community Development Services

MVB Bank provided a relatively high level of community development services in West Virginia. Bank employees and Board members provided 179 instances and 1,730 hours of community development services throughout West Virginia. Community development services in West Virginia accounted for 82.9 percent bank-wide services by hours and 81.4 percent of bank-wide services by number. Employees are involved in community development organizations that primarily provide community services targeted to low- and moderate-income individuals and areas.

Community Development Services										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours
Non-MSA	15	49	50	250	19	236	11	208	95	743
Morgantown MSA	9	62	24	503	1	2	11	173	45	740
Charleston MSA	1	13	4	2	0	0	0	0	5	15
Hagerstown MSA	0	0	0	0	0	0	0	0	0	0
Huntington MSA	0	0	9	104	1	7	0	0	10	111
State-wide Activities	11	24	7	86	4	9	2	2	24	121
Total	36	148	94	945	25	254	24	383	179	1,730
<i>Source: Bank Data</i>										

Refer to the Community Development Services section in each full-scope assessment area for examples of community development services benefitting the assessment areas.

Community development services also include 24 instances totaling 121 hours that provide services to the broader state-wide area. Examples of the community development services that benefitted the broader state-wide area are provided below.

- An employee provided financial literacy education for a non-profit organization focused on building and supporting small businesses in West Virginia.
- A Board member served on the Board of a non-profit foundation that provides services to low- and moderate-income individuals throughout the state.

NON-MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NON-MSA ASSESSMENT AREA

The Non-MSA assessment area consists of two contiguous counties: Harrison and Marion Counties. The bank operates four or 66.7 percent of its West Virginia branch offices in the Non-MSA assessment area. The assessment area also represents 50.1 percent of the state-wide loans by dollar-volume, 51.3 percent of state-wide lending by number of loans, and 32.1 percent of state-wide deposits.

Economic and Demographic Data

The assessment area consists of 46 census tracts, including 1 low-income tract, 4 moderate-income tracts, 18 middle-income tracts, and 23 upper-income tracts based on the 2020 U.S. Census designations. This is an increase from 40 census tracts from the 2015 ACS. There were no changes in the number of low- and moderate-income tracts, but middle-income tracts decreased by one and upper-income tracts increased by seven. The percentage of the population, housing, and business levels remained relatively unchanged within the geographic categories. The following table presents demographic information from the 2020 Census and 2021 D&B data.

Demographic Information for the Non-MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	46	2.2	8.7	39.1	50.0	0.0
Population by Geography	122,126	0.9	9.3	38.8	51.1	0.0
Housing Units by Geography	58,092	1.4	9.4	38.8	50.5	0.0
Owner-Occupied Units by Geography	37,195	0.3	7.3	36.7	55.7	0.0
Occupied Rental Units by Geography	13,051	3.6	16.0	40.4	39.9	0.0
Vacant Units by Geography	7,846	2.9	8.1	45.8	43.2	0.0
Businesses by Geography	8,907	2.9	8.1	37.2	51.9	0.0
Farms by Geography	294	0.3	5.1	30.3	64.3	0.0
Family Distribution by Income Level	32,305	15.8	13.8	18.0	52.4	0.0
Household Distribution by Income Level	49,983	21.1	15.0	15.9	48.0	0.0
Median Family Income Non-MSAs - WV		\$55,205	Median Housing Value			\$128,326
			Median Gross Rent			\$740
			Families Below Poverty Level			9.5%
<i>Source: 2020 U.S. Census and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0 percent.</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Geographic Distribution criterion compares small business loans to the percentage of businesses located in low-, moderate-, middle-, and upper-income tracts. The 2020 Census data

shows the vast majority of businesses are within the middle- and upper-income tracts, indicating significant lending opportunities in these geographies. Considerably fewer opportunities are evidenced in the moderate-income tracts with limited lending opportunity in low-income tracts.

The FFIEC updated West Virginia Non-MSA MFI levels were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents each income category.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$52,200)	<\$26,100	\$26,100 to <\$41,760	\$41,760 to <\$62,640	≥\$62,640
2020 (\$54,000)	<\$27,000	\$27,000 to <\$43,200	\$43,200 to <\$64,800	≥\$64,800
2021 (\$54,600)	<\$27,300	\$27,300 to <\$43,680	\$43,680 to <\$65,520	≥\$65,520
2022 (\$59,300)	<\$29,650	\$29,650 to <\$47,440	\$47,440 to <\$71,160	≥\$71,160
<i>Source: FFIEC</i>				

The analysis of home mortgage lending by borrower income uses families by income level as a comparison to bank performance. The median housing value is over \$128,000, and prices are continuing to rise due to the current economic conditions, which can potentially make housing increasingly unaffordable for low-income individuals earning less than \$30,000 annually. Therefore, lending opportunities to low-income families may be limited.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of small business lending by gross annual revenue. The D&B 2021 distribution of businesses based on gross annual revenues is listed below.

- 81.7 percent reported \$1 million or less;
- 5.0 percent reported more than \$1 million; and
- 13.3 percent did not report revenues.

The 2020 unemployment rates increased sharply due to the COVID-19 pandemic. Unemployment rates have trended downward since 2020 and are lower than pre-pandemic levels as of March 2023. Unemployment rates in Harrison County are slightly lower than state and national unemployment rates. Unemployment rates in Marion County are comparable to the state and national unemployment rates.

Unemployment Rates				
Area	2020	2021	2022	March 2023
	%	%	%	%
Harrison County	7.9	4.8	3.6	2.9
Marion County	8.7	5.3	4.4	3.4
West Virginia	8.3	5.1	3.9	3.4
National Average	8.1	5.4	3.6	3.5

Source: Bureau of Labor Statistics

The top industries in the Non-MSA assessment area are services and retail trade. Additionally, approximately 87.3 percent of businesses operate with nine or fewer employees. The top employers are the U.S. Federal Bureau of Investigation, WVU Medicine, Harrison County Board of Education, Marion County Board of Education, and Fairmont State University.

Competition

The assessment area is highly competitive for financial services. According to the FDIC Deposit Market Share data as of June 30, 2022, 16 FDIC-insured institutions operate 43 branches within the assessment area. Of these institutions, MVB Bank ranked 1st with a market share of 22.4 percent. Competitor institutions in the assessment area include Truist Bank; The Huntington National Bank; and WesBanco Bank, Inc. Together, with MVB Bank, the three competitor institutions account for 72.5 percent of the market share.

In addition, there is a high level of competition for small business loans within the assessment area. Aggregate data for 2021 shows 68 lenders reported 1,890 small business loans originated or purchased in the assessment area. Overall, MVB Bank ranked 9th with a 4.4 percent market share by number of loans and 1st with a 14.9 percent market share by dollar volume. The Huntington National Bank and Truist Bank complete the top three lenders. Combined the top three lenders account for 40.1 percent. The top three lenders accounted for 40.1 percent of small business lending by dollar volume.

Credit and Community Development Needs and Opportunities

Considering information from management and demographic and economic data, examiners determined small business lending represents a primary credit need for the assessment area. Demographic data reflects that 81.7 percent of businesses have revenues of \$1 million or less, and 87.3 percent of businesses have nine or fewer employees. Affordable housing also represents a credit needs as 29.6 percent of families are low- or moderate-income, with low-income families earning less than \$30,000 annually compared to a median housing value of over \$128,000.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NON-MSA ASSESSMENT AREA

LENDING TEST

Lending levels in the Non-MSA assessment area reflect good responsiveness to assessment area credit needs. The Geographic Distribution reflects good penetration throughout the assessment area, and the Borrower Profile reflects adequate penetration among businesses of different sizes. The bank makes extensive use of innovative and/or flexible lending practices and made an adequate level of community development loans.

Lending Activity

Lending levels reflect good responsiveness to the assessment area’s credit needs. The tables presented below detail the number and dollar volume of 2021 small business loans in the assessment area.

Geographic Distribution

The geographic distribution of small business loans reflects good penetration throughout the assessment area.

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. Lending in low- and moderate-income tracts was above both demographic and aggregate lending data.

Geographic Distribution of Small Business Loans Non-MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	2.9	2.1	3	3.5	272	1.7
Moderate	8.1	9.3	11	12.9	2,002	12.8
Middle	37.2	36.9	14	16.5	3,816	24.5
Upper	51.9	51.7	57	67.1	9,500	60.9
Totals	100.0	100.0	85	100.0	15,590	100.0
<small>Source: 2021 D&B Data; 2021 CRA Data; and, 2021 CRA Aggregate Data. Due to rounding, totals may not equal 100.0 percent.</small>						

Borrower Profile

The distribution of small business loans reflects adequate penetration to businesses of different sizes.

Small Business Loans

The distribution of small business loans reflects adequate penetration to businesses with gross annual revenues of \$1 million or less. Lending to small businesses was substantially below both demographic data and aggregate lending data in 2020 and 2021. In 2020, 15.4 percent of small business loans originated to small businesses compared to aggregate data of 32.1 percent and demographics of 79.4 percent. However, lending in 2019 and 2022 was much stronger. For 2019, lending to small businesses was 49.5 percent, which was significantly above aggregate lending data of 37.9 percent but remained significantly below demographics of 77.5 percent. For 2022, lending to small businesses stood at 41.0 percent and was significantly below demographics of 81.4 percent.

As the table indicates, there is a significant volume of loans with no revenue data available, which impacts the analysis of small business loans by gross annual revenue. As a result, an analysis of loans without revenue available by size of the loan was conducted. In 2021, the analysis determined that 35 or 74.5 percent of loans without revenue had origination amounts of \$100,000 or less, indicating assistance to small businesses. Additionally, the average loan amount for loans with revenue not available was \$97,191. For 2020, the analysis determined that 124 of the 188 loans (66.0 percent) without revenue available were originated for \$100,000 or less. The average loan amount for was \$99,097.

Distribution of Small Business Loans by Gross Annual Revenue Category Non-MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	81.7	45.0	16	18.8	2,593	16.6
>\$1,000,000	5.0	--	22	25.9	8,429	54.1
Revenue Not Available	13.3	--	47	55.3	4,568	29.3
Totals	100.0	100.0	85	100.0	15,590	100.0

*Source: 2021 D&B Data; 2021CRA Data; and, 2021 CRA Aggregate Data.
"--" data not available.*

Community Development Loans

MVB Bank made an adequate level of community development loans in the Non-MSA assessment area. The bank originated 28 community development loans totaling \$6.3 million in the assessment area. This level of lending represents 50.9 percent by number and 16.9 percent by dollar of community development loans originated within West Virginia. Regarding the community development purpose, 2 loans support affordable housing, 17 loans support community service, 5 loans support economic development, and 4 loans support revitalization and/or stabilization. The number of community development loans increased from 12 loans at the previous evaluation, while the dollar volume decreased from \$12.3 million. Examples of the community development loans are provided below.

- \$1.9 million loan to rehabilitate a medical clinic. The facility is located adjacent to low- and moderate-income census tracts in area that is designated as a Hub Zone. A Hub Zone is historically underutilized related to small businesses and economic development.

- \$500,000 line of credit to a community service organization that provides short-term housing to children and teens who are wards of the state.
- \$160,000 loan to a community action agency that provides programs for low- and moderate-income individuals. The programs include case management, early childhood education, homelessness services, weatherization, and affordable housing.

INVESTMENT TEST

MVB Bank has an adequate level of qualified investments in the Non-MSA assessment area. The bank exhibits adequate responsiveness to credit and community development needs and occasionally uses innovative and/or complex investments to support community development initiatives.

Investment and Grant Activity

Qualified investments total \$3.0 million and represent 6.2 percent of state-wide qualified investments. This level of qualified investments is a significant decrease from the \$22.0 million of qualified investments at the previous evaluation. The total includes qualified investments in municipal bonds of \$1.5 million, a prior period LIHTC project of \$1.3 million, and 74 donations totaling \$211,000. Of the donations, \$10,000 benefitted affordable housing, \$137,000 benefitted community services, \$10,000 benefitted economic development, and \$54,000 benefitted revitalization and/or stabilization. In addition, prior period regional MBSs impact both rated areas and multiple assessments areas with \$479,000 of the MBSs specifically attributed to the Non-MSA assessment area. Provided below are examples of qualified investments and donations that benefitted the assessment area.

- \$1.2 million in two municipal bonds to address cash flow issues during the pandemic, which helped retain 38 low- and moderate-income jobs.
- \$275,000 in two municipal bonds for the creation and retention of 27 moderate-income jobs.
- \$27,000 in donations to non-profit organization that supports low- and moderate-income children, including providing medical care.

SERVICE TEST

MVB Bank's delivery systems are accessible to essentially all portions of the assessment area. The bank did not open or close any branches in this assessment area during the evaluation period. Services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. MVB Bank is a leader in providing community development services.

Community Development Services

MVB Bank is a leader in providing community development services in the assessment area. Bank employees and Board members provided 95 community development services accounting for 743 hours in the assessment area. Community development services equate to 7.3 services and 57.2

hours per branch per year. The following are examples of community development services provided.

- Three employees serve in various capacities including Board member and providing financial literacy education for a non-profit organization that provides services to individuals with disabilities and their families.
- Several employees provide tax preparation services to low- and moderate-income individuals through the Volunteer Income Tax Assistance program in cooperation with a non-profit organization.
- A Director serves on the Board of an economic development corporation that supports and provides education for small businesses.

MORGANTOWN MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE MORGANTOWN MSA ASSESSMENT AREA

The Morgantown, WV MSA consists of two counties; however, the bank included only Monongalia County in its assessment area. The assessment area has not changed since the last CRA evaluation. The bank operates two or 33.3 percent of its West Virginia branch offices in the Morgantown MSA assessment area. The assessment area also represents 23.0 percent of the state-wide loans by dollar volume, 17.2 percent of state-wide lending by number of loans, and 67.9 percent of state-wide deposits.

Economic and Demographic Data

The assessment area consists of 28 census tracts, including 1 low-income tract, 4 moderate-income tracts, 13 middle-income tracts, 8 upper-income tracts, and 2 tracts with no income designation. This is an increase from 24 census tracts based on the designations from the 2015 ACS. The changes resulted in 1 additional moderate-income census tract and 3 additional middle-income census tracts. The percentage of the population, housing, and business levels remained relatively unchanged. The following table presents demographic information from the 2020 Census and 2021 D&B data.

Demographic Information for the Morgantown MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	28	3.6	14.3	46.4	28.6	7.1
Population by Geography	105,822	3.2	12.3	49.6	30.7	4.2
Housing Units by Geography	45,047	2.2	14.1	48.8	31.3	3.7
Owner-Occupied Units by Geography	23,418	0.2	9.5	52.4	37.4	0.5
Occupied Rental Units by Geography	16,815	4.1	21.3	42.2	24.8	7.5
Vacant Units by Geography	4,814	4.9	11.5	54.0	24.1	5.5
Businesses by Geography	9,263	0.3	20.4	37.2	42.1	0.0
Farms by Geography	216	0.5	2.8	58.3	37.5	0.9
Family Distribution by Income Level	21,665	20.7	16.8	16.3	46.2	0.0
Household Distribution by Income Level	37,035	29.1	13.1	14.3	43.5	0.0
Median Family Income - Morgantown, WV MSA	\$77,584	Median Housing Value				\$222,465
		Median Gross Rent				\$845
		Families Below Poverty Level				8.8%

*Source: 2020 U.S. Census and 2022 D&B Data
Due to rounding, totals may not equal 100.0 percent.
(*) The NA category consists of geographies that have not been assigned an income classification.*

The Geographic Distribution criterion compares small business loans to the percentage of businesses located in low-, moderate-, middle-, and upper-income tracts. The 2020 Census data shows the vast majority of owner-occupied housing units and businesses are within the middle- and upper-income tracts, indicating significant lending opportunities in these geographies. Considerably fewer opportunities are evidenced in the moderate-income tracts with limited lending opportunity in low-income tracts.

The FFIEC updated Morgantown, WV MSA MFI levels were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents each income category.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$74,600)	<\$37,300	\$37,300 to <\$59,680	\$59,680 to <\$89,520	≥\$89,520
2020 (\$73,900)	<\$36,950	\$36,950 to <\$59,120	\$59,120 to <\$88,680	≥\$88,680
2021 (\$76,200)	<\$38,100	\$38,100 to <\$60,960	\$60,960 to <\$91,440	≥\$91,440
2022 (\$94,200)	<\$47,100	\$47,100 to <\$75,360	\$75,360 to <\$113,040	≥\$113,040

Source: FFIEC

The analysis of home mortgage lending by borrower income uses families by income level as a comparison to bank performance. The median housing value is over \$220,000, and prices are continuing to rise due to the current economic conditions, which can potentially make housing increasingly unaffordable for low-income individuals. Therefore, lending opportunities to low-income families may be limited with approximately \$47,000 in annual income.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of small business lending by gross annual revenue. The D&B 2021 distribution of businesses based on gross annual revenues is listed below.

- 85.2 percent reported \$1 million or less;
- 3.6 percent reported more than \$1 million; and
- 11.2 percent did not report revenues.

The 2020 unemployment rates within the assessment area increased sharply due to the COVID-19 pandemic. Unemployment rates have trended downward since 2020 and are lower than pre-pandemic levels as of March 2023. Unemployment rates in Monongalia County are lower than state and national unemployment rates.

Unemployment Rates				
Area	2020	2021	2022	March 2023
	%	%	%	%
Monongalia County	6.4	4.1	3.4	2.9
West Virginia	8.3	5.1	3.9	3.4
National Average	8.1	5.4	3.6	3.5
<i>Source: Bureau of Labor Statistics</i>				

The top industries in the Morgantown MSA assessment area are government, education and health services, and professional and business services. Additionally, approximately 88.9 percent of businesses operate with nine or fewer employees. The top employers are West Virginia University, WVU Medicine, and Monongalia General Hospital.

Competition

The assessment area is highly competitive for financial services. According to the FDIC Deposit Market Share data as of June 30, 2022, 13 FDIC-insured institutions operate 34 branches within the assessment area. Of these institutions, MVB Bank ranked 1st with a market share of 33.1 percent. Competitor institutions in the assessment area include United Bank; The Huntington National Bank; and Truist Bank. Together, with MVB Bank, the three competitor institutions account for 78.7 percent of the market share.

In addition, there is a high level of competition for small business loans within the assessment area. Aggregate data for 2021 shows 66 lenders reported 2,115 small business loans originated or purchased in the assessment area. Overall, MVB Bank ranked 18th with a 1.1 percent market share by number of loans and 7th with a 4.3 percent market share by dollar volume. The top three lenders, United Bank, VA, First United Bank, and Truist Bank, accounted for 53.6 percent of small business lending by dollar volume.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to help identify the credit and community development needs of the assessment area and whether local financial institutions are responsive to those opportunities.

Examiners conducted a community contact with economic development agency in Morgantown. The organization’s primary purpose is business and community development in Morgantown and Monongalia County.

The contact indicated that affordable housing is one of the more pressing credit needs in the area. Housing stock availability is currently very limited with reasonably priced homes in the range of \$150,000 to \$350,000 virtually nonexistent. Finding flat land for home building is a barrier as the costs to grade and excavate can be significant. Available housing stock tends to be older and comes with costs to repair and update. Among the most affordable options tend to be older town homes

and condominiums. Additionally, the contact indicated that infrastructure is a primary credit need as well as private funding for land ready for development and access to that land.

The contact indicated that local financial institutions do a very good job meeting the area's credit needs.

Credit and Community Development Needs and Opportunities

Considering information from the community contact and demographic and economic data, examiners determined affordable housing represents a primary credit need for the assessment area. While housing is more affordable overall than the national average, homes in the price range for low- and moderate-income borrowers are in short supply as indicated by the community contact. Housing prices continue to rise and to be overvalued in the assessment area due to tight supply, disproportionately affecting low- and moderate-income borrowers. Rental affordability in Morgantown outpaces both West Virginia and the nationwide averages. Just over 37.5 percent of households within the assessment area are considered low- or moderate-income.

There is also a need for small business lending as 85.2 percent of businesses have revenues of \$1 million or less and 88.9 percent of businesses have fewer than ten employees. Conditions are currently favorable for businesses in Morgantown due to a balanced and educated workforce, below average business costs, and increasing importance of tech jobs. Additionally, there are opportunities for community development investment particularly in infrastructure and land development.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE MORGANTOWN MSA ASSESSMENT AREA

LENDING TEST

Lending levels in the Morgantown MSA assessment area reflect adequate responsiveness to assessment area credit needs. The Geographic Distribution reflects good penetration throughout the assessment area, and the Borrower Profile reflects adequate penetration among businesses of different sizes. The bank makes extensive use of innovative and/or flexible lending practices and made an adequate level of community development loans.

Lending Activity

Lending levels reflect adequate responsiveness to the assessment area's credit needs. The tables presented below detail the number and dollar volume of 2021 small business loans in this assessment area.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the assessment area.

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. The bank did not originate any loans in the sole low-income census tract. However, the level of businesses and aggregate lending within the low-income tract is minimal as well. Lending in moderate-income tracts was above both demographic and aggregate lending data.

Geographic Distribution of Small Business Loans Morgantown MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.3	0.2	0	0.0	0	0.0
Moderate	20.4	19.1	6	25.0	874	20.0
Middle	37.2	37.5	12	50.0	2,606	59.6
Upper	42.1	43.2	6	25.0	895	20.4
Totals	100.0	100.0	24	100.0	4,375	100.0

Source: 2021 D&B Data; 2021 CRA Data; and, 2021 CRA Aggregate Data.

Borrower Profile

The distribution of small business loans reflects adequate penetration to businesses of different sizes.

Small Business Loans

The distribution of small business loans reflects adequate penetration to businesses with gross annual revenues of \$1 million or less. Lending to small businesses was substantially below both demographic data and aggregate lending data in 2021. For 2020, lending to small businesses was higher at 22.4 percent, which was substantially below demographics of 83.6 percent but just below aggregate data of 28.9 percent. However, lending in 2019 was stronger. For 2019, lending to small businesses was 65.0 percent (13 of 20 loans originated), which was significantly above aggregate lending data of 41.1 percent but remained well below demographics of 81.8 percent. For 2022, an analysis of small business loans was not conducted as only 9 loans were originated in the assessment area. Three of the loans were to small businesses.

As the table indicates, there is a significant volume of loans with no revenue data available, which impacts the analysis of small business loans by gross annual revenue. As a result, an analysis of loans without revenue available by size of the loan was conducted. In 2021, the analysis determined that 8 or 72.7 percent of loans without revenue had origination amounts of \$100,000 or less, indicating assistance to small businesses. Additionally, the average loan amount for loans with revenue not available was \$120,772. For 2020, 31 of the 49 loans (63.3 percent) with no revenue information available were originated for \$100,000 or less. The average loan amount was \$100,290.

Distribution of Small Business Loans by Gross Annual Revenue Category Morgantown MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	85.2	44.8	2	8.3	542	12.4
>\$1,000,000	3.6	--	11	45.8	2,510	57.4
Revenue Not Available	11.2	--	11	45.8	1,323	30.2
Totals	100.0	100.0	24	100.0	4,375	100.0

Source: 2021 D&B Data; 2021 CRA Data; and, 2021 CRA Aggregate Data.
 "--" data not available.
 Due to rounding, totals may not equal 100.0 percent.

Community Development Loans

MVB Bank has made an adequate level of community development loans in the Morgantown MSA assessment area. The bank originated 13 community development loans totaling \$12.1 million in the assessment area. This level of lending represents 23.6 percent by number and 32.6 percent by dollar of community development loans originated within West Virginia. The number of community development loans increased from 9 loans at the previous evaluation, while the dollar volume decreased from \$29.7 million. Regarding the community development purpose, 5 loans support affordable housing, 2 loans support community service, 1 loan supports economic development, and 5 loans support revitalization and/or stabilization. Examples of community development loans are provided below.

- \$2.5 million loan to a business in a moderate-income census tract that provides low- and moderate-income jobs.
- three PPP loans totaling \$4.9 million to organizations that created or retained jobs for low- and moderate-income individuals; or revitalized or stabilized low- or moderate-income geographies.
- \$525,000 loan to a non-profit affordable housing organization for the construction of three single family homes designated specifically for low-income families.

INVESTMENT TEST

MVB Bank has an excellent level of qualified investments in the Morgantown MSA assessment area. The bank exhibits good responsiveness to credit and community development needs and occasionally uses innovative and/or complex investments to support community development initiatives.

Investment and Grant Activity

Qualified investments total \$37.2 million and represent 77.5 percent of state-wide qualified investments. This level of qualified investments represents an increase from \$29.7 million of qualified investments at the previous evaluation. The total includes qualified investments in municipal bonds of \$28.9 million, a LIHTC project of \$949,000, prior period municipal bonds of

\$7.1 million, a prior period investment into a Small Business Investment Company that provides financing to small businesses within the Appalachian region for \$250,000, and 35 donations totaling \$57,000. Of the donations, \$8,000 benefitted affordable housing, \$46,000 benefitted community services, and \$3,000 benefitted economic development. In addition, current and prior period regional MBSs impact both rated areas and multiple assessments areas with \$323,000 of prior period and \$1.1 million of current period of the MBSs specifically attributed to the Morgantown MSA assessment area. Provided below are examples of qualified investments and donations that benefitted the assessment area.

- \$18.0 million in a Tax Increment Financing bond for infrastructure improvements in an Economic Development District and moderate-income census tract.
- \$949,000 in a LIHTC affordable housing project for low- and moderate-income seniors.
- \$3,150 in donations to an organization the focuses on helping small businesses and for the betterment of economic, business, and community development in the assessment area.

SERVICE TEST

MVB Bank's delivery systems are accessible to essentially all portions of the assessment area. To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. MVB Bank is a leader in providing community development services.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Since the previous evaluation, the bank closed one branch in an upper-income census tract.

Community Development Services

MVB Bank is a leader in providing community development services in the assessment area. Bank employees and Board members provided 45 community development services accounting for 740 hours in the assessment area. Community development services equate to 6.9 services and 113.8 hours per branch per year. The following are examples of community development services provided.

- Two employees provided budgeting and technical assistance to an affordable housing organization.
- An employee is a Board member for a non-profit organization that provides meals for low- and moderate-income senior citizens.
- An employee is treasurer for an agency that develops strategies to revitalize blighted areas and secure property for affordable housing and economic development.

OTHER ASSESSMENT AREAS – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE ASSESSMENT AREAS

The following table summarizes the conclusions for the West Virginia assessment areas reviewed using limited-scope examination procedures. Conclusions regarding the institution’s CRA performance within the limited-scope areas were derived from reviewing available facts and data, including performance data, aggregate lending data comparisons, and demographic information. The conclusions did not alter the bank’s overall performance rating Lending or Investment Test performance. However, the Service Test performance for the limited-scope areas did impact the overall state rating given the limited community development services provided in the areas during the period the assessment areas operated.

Assessment Area	Lending Test	Investment Test	Service Test
Charleston MSA	Consistent	Below	Below
Hagerstown MSA	Below	Below	Below

A summary of MVB Bank’s operations and activities for limited-scope areas, as well as Geographic Distribution and Borrower Profile data for 2021 small business loans for the Charleston MSA assessment area and 2020 small business loans for the Hagerstown MSA assessment area are presented below. The bank originated no business loans in the Hagerstown MSA assessment area in 2021. Demographic data and market share information for the limited-scope assessment areas are detailed in the Appendices.

Charleston MSA Assessment Area

The Charleston MSA assessment area is comprised of only Kanawha County. MVB Bank operated one branch in this assessment area until July of 2021 when the branch was sold. In addition, the assessment area accounts for 17.8 percent of state-wide lending by number of loans, 16.1 percent of state-wide lending by dollar volume, and 3.1 percent of state-wide deposits. The following activities occurred in the assessment area during the review period.

Activity	#	\$
Small Business Loans	137	27,608
Home Mortgage Loans	24	3,118
Community Development Loans	7	2,216
Investments (New)	0	0
Investments (Prior Period)	8	548*
Donations	8	19
CD Services	5	15 (hours)
<i>Small business and home mortgage lending volumes are based on the combined 2019, 2020, and 2021 lending data, while the community development loans, qualified investments, and community development services are from previous evaluation through July 2021. Qualified investments also include those from prior periods that remain outstanding.</i>		
<i>* The bank invested in eight regional MBSs in the prior rating period supporting affordable housing, of which \$547,814 benefited the Charleston MSA assessment area.</i>		

The branch distribution and alternative delivery systems for the limited-scope assessment area are less favorable than the overall institution.

Geographic Distribution and Borrower Profile

Geographic Distribution of Small Business Loans Charleston MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	4.1	4.2	2	6.5	653	10.2
Moderate	10.7	9.6	3	9.7	1,019	15.9
Middle	53.6	52.3	19	61.3	2,833	44.1
Upper	31.6	33.8	7	22.6	1,920	29.9
Totals	100.0	100.0	31	100.0	6,425	100.0
<i>Source: 2021 D&B Data; 2021 CRA Data; and, 2021 CRA Aggregate Data. Due to rounding, totals may not equal 100.0 percent.</i>						

Distribution of Small Business Loans by Gross Annual Revenue Category Charleston MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	79.4	47.1	5	16.1	1,887	29.4
>\$1,000,000	5.4	--	5	16.1	2,436	37.9
Revenue Not Available	15.2	--	21	67.7	2,102	32.7
Totals	100.0	100.0	31	100.0	6,425	100.0
<i>Source: 2021 D&B Data; 2021 CRA Data; and, 2021 CRA Aggregate Data. "--" data not available. Due to rounding, totals may not equal 100.0 percent.</i>						

Hagerstown MSA Assessment Area

The Hagerstown MSA assessment area is comprised of only Berkeley County. MVB Bank operated three branches in this assessment area until April of 2021 when the branches were sold. In addition, the assessment area accounts for 1.9 percent of state-wide lending by number of loans and 2.4 percent of state-wide lending by dollar volume. The following activities occurred in the assessment area during the review period.

Activity	#	\$
Small Business Loans	26	2,943
Home Mortgage Loans	7	1,631
Community Development Loans	0	0
Investments (New)	0	0
Investments (Prior Period)	10	1,022*
Donations	0	0
CD Services	0	0 (hours)
<i>Small business and home mortgage lending volumes are based on the combined 2019 and 2020 lending data, while the community development loans, qualified investments, and community development services are from previous evaluation through April 2021. Qualified investments also include those from prior periods that remain outstanding. * The bank invested in ten regional MBSs in the prior rating period supporting affordable housing, of which \$1.0 million benefited the Hagerstown MSA assessment area.</i>		

The branch distribution and alternative delivery systems for the limited-scope assessment area are less favorable than the overall institution.

Geographic Distribution and Borrower Profile

The bank did not originate or purchase any small business loans in 2021 within this assessment area; therefore, tables for 2020 lending are provided.

Geographic Distribution of Small Business Loans Hagerstown MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate	21.4	18.3	2	18.2	125	14.2
Middle	69.5	72.3	9	81.8	755	85.8
Upper	9.1	9.4	0	0.0	0	0.0
Totals	100.0	100.0	11	100.0	880	100.0
<i>Source: 2020 D&B Data; 2020 CRA Data; and, 2020 CRA Aggregate Data. Due to rounding, totals may not equal 100.0 percent.</i>						

Distribution of Small Business Loans by Gross Annual Revenue Category Hagerstown MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	87.0	30.8	2	18.2	89	10.1
>\$1,000,000	3.0	--	3	27.3	360	40.9
Revenue Not Available	10.0	--	6	54.5	431	49.0
Totals	100.0	100.0	11	100.0	880	100.0
<i>Source: 2020 D&B Data; 2020 CRA Data; and, 2020 CRA Aggregate Data. "--" data not available.</i>						

VIRGINIA

CRA RATING FOR VIRGINIA: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: Low Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN VIRGINIA

At the previous examination, the Washington MD assessment area consisted of Fairfax City, Fairfax County, and Loudon County in Virginia and Jefferson County, West Virginia. Since the previous examination, the composition of the assessment area has had multiple changes. In April 2021, the bank sold its only branch in Jefferson County, West Virginia; thus, removing it from the assessment area. Additionally, in May 2022, after analyzing lending growth, the bank added Alexandria, Arlington, Fauquier, and Prince William Counties and the independent cities of Falls Church, Manassas, and Manassas Park. The bank operated in Virginia and West Virginia within the Washington-Arlington-Alexandria DC-VA-MD-WV Multi-state MMSA until April 24, 2021, when the sole branch in Jefferson County, West Virginia was sold. As a result, the Washington-Arlington-Alexandria DC-VA-MD-WV MMSA was a separate rated area from February 10, 2020, until April 24, 2021. With the branch sale, the rated area transitioned to the Virginia state rating. The MMSA rated area was analyzed separately but is combined with the Virginia rated area for presentation given that the overall MMSA performance and the Virginia state performance were consistent as Jefferson County represented only a small portion of the bank's operations in the area. The bank operates two branches in the assessment area representing 25.0 percent of bank-wide locations. Additionally, the assessment area accounts for 68.0 percent of loans by dollar volume of lending, 48.7 percent of bank-wide lending by number of loans, and 12.4 percent of bank-wide deposits. The only assessment area within the rated area is the Washington MD assessment area.

Economic and Demographic Data

The assessment area consists of 599 census tracts, including 25 low-income tracts, 87 moderate-income tracts, 212 middle-income tracts, 262 upper-income tracts and 13 with no income designation based on the 2020 U.S. Census designations. The following table presents demographic information from the 2020 Census and 2021 D&B data.

Demographic Information for the Washington MD Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	599	4.2	14.5	35.4	43.7	2.2
Population by Geography	2,623,349	4.5	15.9	34.6	44.6	0.4
Housing Units by Geography	955,319	4.4	16.1	35.8	43.2	0.6
Owner-Occupied Units by Geography	599,129	1.9	12.3	33.9	51.8	0.2
Occupied Rental Units by Geography	312,802	9.0	22.7	39.3	27.7	1.3
Vacant Units by Geography	43,388	5.6	20.7	37.6	35.5	0.7
Businesses by Geography	339,216	1.9	12.3	33.9	51.8	0.2
Farms by Geography	6,535	1.9	14.5	36.6	46.8	0.2
Family Distribution by Income Level	620,877	17.7	15.2	19.7	47.5	0.0
Household Distribution by Income Level	862,285	17.3	14.6	18.8	49.4	0.0
Median Family Income Washington-Arlington-Alexandria, DC-VA-MD-WV MD		\$126,224	Median Housing Value			\$524,138
			Median Gross Rent			\$1,904
			Families Below Poverty Level			3.9%

Source: 2020 U.S. Census and 2021 D&B Data
Due to rounding, totals may not equal 100.0 percent.
() The NA category consists of geographies that have not been assigned an income classification.*

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units and compares small business loans to the percentage of businesses located in low-, moderate-, middle-, and upper-income tracts. The 2020 Census data shows the vast majority of owner-occupied housing units and businesses are within the middle- and upper-income tracts, indicating a significant lending opportunities in these geographies. Considerably fewer opportunities are evidenced in the moderate-income tracts with limited lending opportunity in low-income tracts.

The FFIEC updated Washington-Arlington-Alexandria, DC-VA-MD-WV MD MFI levels were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents each income category.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$114,700)	<\$57,350	\$57,350 to <\$91,760	\$91,760 to <\$137,640	≥\$137,640
2020 (\$118,700)	<\$59,350	\$59,350 to <\$94,960	\$94,960 to <\$142,440	≥\$142,440
2021 (\$122,100)	<\$61,050	\$61,050 to <\$97,680	\$97,680 to <\$146,520	≥\$146,520
2022 (\$139,700)	<\$69,850	\$69,850 to <\$111,760	\$111,760 to <\$167,640	≥\$167,640

Source: FFIEC

The analysis of home mortgage lending by borrower income uses families by income level as a comparison to bank performance. The median housing value is over \$524,000, and prices are continuing to rise due to the current economic conditions, which can potentially make housing increasingly unaffordable for low-income and moderate-income individuals in this assessment area given that low-income families earn less than \$70,000 annually and moderate-income families earn less than \$112,000 yearly. Therefore, lending opportunities to low- and moderate-income families may be limited.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of small business lending by gross annual revenue. The D&B 2021 distribution of businesses based on gross annual revenues is listed below.

- 90.2 percent reported \$1 million or less;
- 3.6 percent reported more than \$1 million; and
- 6.3 percent did not report revenues.

The 2020 unemployment rates within the assessment area increased sharply due to the COVID-19 pandemic. Unemployment rates dropped in 2021 and 2022 with a slight increase noted in March 2023. Unemployment rates remain lower than pre-pandemic levels as of March 2023. Unemployment rates in each county and independent city are lower than the state and national unemployment rates.

Unemployment Rates				
Area	2020	2021	2022	March 2023
	%	%	%	%
Alexandria City	6.3	3.8	2.3	2.6
Arlington County	4.7	3.0	2.1	2.5
Fairfax County	6.1	3.5	2.4	2.8
Fairfax City	6.1	3.4	2.4	2.8
Falls Church City	4.0	2.7	2.2	2.7
Fauquier County	4.9	3.0	2.5	2.5
Loudoun County	5.6	3.1	2.4	2.8
Manassas City	6.8	3.4	2.6	2.8
Manassas Park City	6.9	3.8	2.5	2.8
Prince William County	6.8	3.9	2.7	3.0
Virginia	6.5	3.9	2.8	3.2
National Average	8.1	5.4	3.6	3.5

Source: Bureau of Labor Statistics

The top industries in the Washington MD assessment area are government, education and health services, and professional and business services. Additionally, approximately 92.0 percent of businesses operate with nine or fewer employees. The top employers are Naval Support Activity Washington, Joint Base Andrews-Naval Air Facility, and MedStar Health.

Competition

The assessment area is highly competitive for financial services. According to the FDIC Deposit Market Share data as of June 30, 2022, 48 FDIC-insured institutions operate 553 branches within the assessment area. Of these institutions, MVB Bank ranked 25th with a market share of 0.3 percent. Competitor institutions in the assessment area include Capital One, NA, Truist Bank, Wells Fargo Bank, NA, and Bank of America, NA. Together, the four competitor institutions account for 70.4 percent of the market share.

The bank is not required to report its home mortgage loan data and has not elected to do so. Therefore, the bank's home mortgage lending analysis does not include comparisons to aggregate data. The aggregate data, however, indicates the competition and demand for home mortgage loans and is therefore included here as relevant performance context data. There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. Aggregate data for 2021 shows 730 lenders reported 207,284 residential mortgage loans originated or purchased. The top three lenders account for 14.9 percent of the market by number of loans.

In addition, there is a high level of competition for small business loans within the assessment area. Aggregate data for 2021 shows 240 lenders reported 86,228 small business loans originated or purchased in the assessment area. Overall, MVB Bank ranked 39th with a 0.1 percent market share by number of loans and 26th with a 0.7 percent market share by dollar volume. The top three lenders accounted for 31.2 percent of small business lending by dollar volume.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to help identify the credit and community development needs of the assessment area and whether local financial institutions are responsive to those opportunities.

Examiners referenced a recent community contact located within the assessment area. The contact stated that there are several economic development needs within the area. First, small business counseling services continue to be a need for newly created and existing small businesses. Secondly, there is a continued demand for small business loans. The contact noted that they were just approved to establish a micro-loan program to help meet this need. Lastly, the contact stated that there was a shortage of affordable workforce housing.

Credit and Community Development Needs and Opportunities

Considering information from the community contact and demographic and economic data, examiners determined affordable housing and small business lending represents primary credit needs for the assessment area. The cost of living and doing business is higher than national averages. There is also a need for small business lending as 90.2 percent of businesses have revenues of \$1million or less and 92.0 percent of businesses have fewer than ten employees. Conditions are currently favorable for businesses in the assessment due to an educated workforce,

being a major center for tech-related professional services, and continuing to be a popular tourist destination.

SCOPE OF EVALUATION – VIRGINIA

Refer to the overall Scope of Evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA IN VIRGINIA

LENDING TEST

The Lending Test is rated High Satisfactory. Lending levels in the Washington MD assessment area reflect good responsiveness to assessment area credit needs. The Geographic Distribution reflects good penetration throughout the assessment area, and the Borrower Profile reflects excellent penetration among borrowers of different income levels and businesses of different sizes. The bank makes extensive use of innovative and/or flexible lending practices and is a leader in making community development loans in the rated area.

Lending Activity

Lending levels reflect good responsiveness to the assessment area's credit needs. The tables presented below detail the number and dollar volume of 2022 home mortgage loans and 2021 small business loans in this assessment area.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the assessment area.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment area. As shown below, lending in low-income tracts is comparable to demographics. For 2019 and 2020, the bank's performance exceeded demographic data and aggregate data. Lending in low-income tracts for 2019 was 4.5 percent compared to demographics of 1.4 percent and aggregate data of 1.3 percent. Lending in 2020 was substantially above both comparable data sets with bank lending at 12.9 percent compared 1.4 percent in demographics and 1.0 percent for aggregate lending. For 2021, lending at 2.5 percent was also double demographics of 1.1 percent.

Lending in moderate-income was below demographics for 2022. However, performance in the prior years reviewed reflects the bank's performance substantially exceeded demographics and 2019 and 2020 aggregate data. For 2019, lending in moderate-income tracts stood at 31.8 percent compared to demographic data of 8.0 percent and aggregate lending data of 6.7 percent. Moderate-income tract lending in 2020 was 32.3 percent compared to 8.0 percent demographics and 5.7 percent aggregate lending. Lending in 2021 reflects similar levels at 41.1 percent of lending in moderate-income tracts with demographics of 10.8 percent and aggregate lending of 10.1 percent.

Geographic Distribution of Home Mortgage Loans Washington MD Assessment Area					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	1.9	5	1.8	1,769	0.9
Moderate	12.3	24	8.7	9,868	4.9
Middle	33.9	60	21.7	30,321	15.2
Upper	51.8	186	67.4	156,679	78.7
Not Available	0.2	1	0.4	544	0.3
Totals	100.0	276	100.0	199,181	100.0

Source: 2020 U.S. Census and Bank Data.

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. While opportunities are minimal in the low-income census tracts, the bank's performance is above demographic and aggregate data. Performance in moderate-income tracts is well below demographics and aggregate data.

Geographic Distribution of Small Business Loans Washington MD Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	2.2	2.2	6	6.4	1,974	9.0
Moderate	12.0	12.0	5	5.4	1,095	5.0
Middle	34.2	35.2	40	43.0	9,181	41.9
Upper	51.5	50.6	41	44.1	9,087	41.5
Not Available	0.1	0.1	1	1.1	568	2.6
Totals	100.0	100.0	93	100.0	21,905	100.0

*Source: 2021 D&B Data; 2021 CRA Data; and, 2021 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0 percent.*

Borrower Profile

The distribution of loans reflects excellent penetration to borrowers of different income levels and businesses of different sizes.

Home Mortgage Loans

The distribution of home mortgage loans reflects excellent penetration to borrowers of different income levels. As shown below, the performance is lower than demographics for both low- and moderate-income borrowers. Analysis of the borrower profile in previous years revealed that MVB Bank had higher performance in each previous year during the review period, where the bank's performance significantly exceeded demographics to both low- and moderate-income borrowers.

For 2019 and 2020, lending to low-income borrowers exceeded aggregate data. Lending to low-income borrowers in 2019 at 13.9 percent was substantially above aggregate lending of 4.1 percent. Lending in 2020 was also substantially above both demographics and aggregate data with bank lending to low-income borrowers at 26.9 percent compared to 15.7 percent in demographics and 3.3 for aggregate lending. For 2021, lending at 24.5 percent was well above demographics of 17.2 percent.

Lending to moderate-income borrowers was below demographics for 2022. However, performance in the prior years substantially exceeded demographics and 2019 and 2020 aggregate data. For 2019, lending to moderate-income borrowers stood at 25.0 percent compared to demographics of 13.9 percent and aggregate lending of 13.3 percent. Lending to moderate-income borrowers in 2020 was 36.6 percent compared to demographics of 13.9 percent and 11.8 percent of aggregate lending. Lending in 2021 reflects similar levels at 31.9 percent of lending to moderate-income borrowers compared to demographics of 14.6 percent.

Distribution of Home Mortgage Loans by Borrower Income Level Washington MD Assessment Area					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	17.7	17	6.2	3,742	1.9
Moderate	15.2	30	10.9	10,811	5.4
Middle	19.7	44	15.9	24,363	12.2
Upper	47.5	182	65.9	155,532	78.1
Not Available	0.0	3	1.1	4,733	2.4
Totals	100.0	276	100.0	199,181	100.0
<i>Source: 2020 U.S. Census and Bank Data. Due to rounding, totals may not equal 100.0 percent.</i>					

Small Business Loans

The distribution of small business loans reflects good penetration to businesses with gross annual revenues of \$1 million or less. Lending to small businesses was significantly below both demographic data and aggregate lending data. In 2021, 33.3 percent of loans were to small businesses, which showed improvement from 2020 when 15.7 percent of loans were to small businesses compared to aggregate data of 45.9 percent. Lending to small business in 2019 and 2022 was much higher. For 2019, lending to small businesses was 51.4 percent, which mirrored aggregate lending data but was significantly below demographics. For 2022, 50.0 percent of loans were originated to small businesses, which remained significantly below demographic data of 91.4 percent.

As the table indicates, there is a significant volume of loans with no revenue data available, which impacts the analysis. As a result, an analysis of loans without revenue available by size of the loan was conducted. For 2021, the analysis determined that 23 or 56.1 percent of loans without revenue had origination amounts of \$100,000 or less, indicating assistance to small businesses. Additionally, the average loan amount for loans with revenue not available was \$136,756. For 2020, the analysis reflects that 56 of the 87 loans without revenue available or 64.4 percent were

originated for \$100,000 or less. The average loan amount for the loans without revenue available was \$134,816.

Distribution of Small Business Loans by Gross Annual Revenue Category Washington MD Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	90.2	49.3	31	33.3	7,825	35.7
>\$1,000,000	3.6	--	21	22.6	8,473	38.7
Revenue Not Available	6.3	--	41	44.1	5,607	25.6
Totals	100.0	100.0	93	100.0	21,905	100.0
<i>Source: 2021 D&B Data; 2021 CRA Data; and, 2021 CRA Aggregate Data. "--" data not available. Due to rounding, totals may not equal 100.0 percent.</i>						

Community Development Loans

MVB Bank made a relatively high level of community development loans in the Washington MD assessment area. The bank originated 16 community development loans totaling \$17.9 million in the assessment area. Additionally, the bank originated 15 loans totaling \$75.3 million in the broader regional and state-wide areas that include the remainder of the Washington MD and Virginia that are considered, given the bank was responsive to the assessment area’s community development needs. Overall, community development lending in the Virginia rated area totaled 31 loans for \$93.2 million and is considered a leader within the Virginia rated area. This level of lending represents 36.0 percent by number and 71.6 percent by dollar of bank-wide community development loans. Regarding the community development purpose, six loans support affordable housing, two loans support community service, 10 loans support economic development, and 13 loans support revitalization and/or stabilization. Examples of community development loans originated within the assessment area are provided below.

- \$4.8 million loan to a business that is provides employment for low- and moderate-income individuals.
- six PPP loans totaling \$6.3 million to organizations that provided community services; created or retained jobs for low- and moderate-income individuals or in low- and moderate-income geographies.
- \$1.6 million loan for the purchase of a ten-unit multi-family housing complex providing affordable housing to low- and moderate-income families.

The following are examples of loans within the broader regional and state-wide areas.

- a loan for \$16.0 million to a business to rehabilitate an apartment building in a moderate-income census tract in Washington DC as part of a neighborhood revitalization plan.
- a loan for \$10.0 million for an affordable housing development located in a moderate-income census tract within the Washington MD.
- a loan for \$11.3 million the construction of a new affordable housing apartment complex in

a low-income census tract in Washington DC as part of a neighborhood revitalization plan.

INVESTMENT TEST

The Investment Test performance is rated High Satisfactory. The bank has a significant level of qualified investments in this assessment area. The bank exhibits good responsiveness to credit and community development needs, and occasionally uses innovative and/or complex investments to support community development initiatives.

Investment and Grant Activity

Qualified investments total \$18.7 million and represent 28.1 percent of bank-wide qualified investments. This level of qualified investments represents an increase from the \$10.3 million of qualified investments at the previous evaluation. The total includes qualified investments in a LIHTC project of \$494,000, MBSs of \$11.1 million, prior period MBSs of \$1.2 million, and 19 donations totaling \$58,000. Of the donations, \$9,000 benefitted affordable housing, \$24,000 benefitted community services, and \$25,000 benefitted economic development. In addition, \$4.6 million of the total qualified investments are current period regional MBS investments and \$1.2 million are prior period regional MBS investments that impact both rated areas and multiple assessments areas, but a portion specifically benefits this assessment area. Provided below are examples of qualified investments and donations that benefitted the assessment area.

- \$2.8 million in a MBS pool in which 100.0 percent of the borrowers are low- and moderate-income.
- \$10,000 donation to a non-profit organization in which the funds support a new grant program specifically for Women- and Minority-Owned Small Businesses.
- \$494,000 in a LIHTC affordable housing project.

SERVICE TEST

The Service Test is rated Low Satisfactory. MVB Bank's delivery systems are reasonably accessible to all portions of the assessment area. To the extent changes have been made, the institution's opening and closing of branches has adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. MVB Bank provides a relatively high level of community development services.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to all portions of the assessment area. The conclusions regarding the branch distribution for the assessment area are less favorable than the institution overall. The bank does not operate any branches in low- or moderate-income tracts. However, the location of one of the two branches in the assessment area enables the bank to reasonably serve adjoining low- and moderate-income tracts.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Since the previous evaluation, the bank has not opened or acquired any branches but did sell one branch in a low-income tract.

Community Development Services

MVB Bank provides a relatively high level of community development services in the assessment area. Bank employees and Board members provided 22 community development services accounting for 224 hours in the assessment area. This performance accounts for 10.2 percent by number and 10.5 percent by hours of bank-wide community development services. Community development services equate to 3.4 services and 34.5 hours per branch per year. The following are examples of community development services provided.

- An employee is a Board and committee member for a chamber of commerce where a majority of members are small businesses.
- Four employees provided financial literacy classes for a non-profit organization that serves low- and moderate-income individuals.
- Five employees served in various capacities to include Board members, committee members, legal services, and data analysis for a non-profit organization that provides various services for low- and moderate-income individuals.

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

MVB Bank, Inc.	
Scope of Evaluation: Full scope reviews were performed on the following assessment areas within the noted rated areas: State of West Virginia: Non-MSA Assessment Area Morgantown MSA Assessment Area; State of Virginia Washington MD Assessment Area	
Time Period Reviewed:	02/20/2020 to 06/05/2023
Products Reviewed: (list loan categories reviewed alphabetically): Home Mortgage: [time period reviewed (01/01/2019-12/31/2022)] Small Business: [time period reviewed (01/01/2019-12/31/2022)]	

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
West Virginia	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
Virginia	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory

DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS

Demographic Tables and Market Share Information for Limited-Scope Assessment Areas

WEST VIRGINIA

Charleston MSA Assessment Area

Demographic Information for the Charleston MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	53	3.8	18.9	49.1	28.3	0.0
Population by Geography	190,781	1.9	13.1	52.1	32.9	0.0
Housing Units by Geography	92,446	2.5	13.6	52.1	31.8	0.0
Owner-Occupied Units by Geography	57,133	1.2	11.3	52.9	34.7	0.0
Occupied Rental Units by Geography	25,117	4.2	17.7	49.5	28.5	0.0
Vacant Units by Geography	10,196	5.2	16.3	54.6	23.9	0.0
Businesses by Geography	15,299	4.1	10.7	53.6	31.6	0.0
Farms by Geography	270	2.2	11.1	53.0	33.7	0.0
Family Distribution by Income Level	50,964	20.7	17.1	19.8	42.4	0.0
Household Distribution by Income Level	82,250	23.4	15.8	17.9	42.9	0.0
Median Family Income Charleston, WV MSA	\$54,658	Median Housing Value				\$112,689
		Median Gross Rent				\$687
		Families Below Poverty Level				11.8%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0 percent.</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Charleston MSA assessment area is highly competitive. According to the FDIC Deposit Market Share data as of June 30, 2021, 12 FDIC-insured institutions operate 47 branches within the assessment area. Of these institutions, MVB Bank ranked 11th with a market share of 1.0 percent. Competitor institutions in the assessment area include Truist Bank, United Bank, and City National Bank of West Virginia. Together, the three competitor institutions account for 65.1 percent of the market share.

There is a high level of competition for small business loans within the assessment area. Aggregate data for 2021 shows 78 lenders reported 3,324 small business loans originated or purchased. Overall, MVB Bank ranked 19th with a 1.0 percent market share by number of loans and 9th with a 3.2 percent market share by dollar volume. The five top small business lenders accounted for 49.2 percent of the total market share by number.

Hagerstown MSA Assessment Area

Demographic Information for the Hagerstown MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	14	0.0	21.4	71.4	7.1	0.0
Population by Geography	108,724	0.0	13.1	77.8	9.1	0.0
Housing Units by Geography	45,872	0.0	15.0	76.5	8.5	0.0
Owner-Occupied Units by Geography	29,992	0.0	9.0	80.9	10.2	0.0
Occupied Rental Units by Geography	10,999	0.0	26.4	68.5	5.0	0.0
Vacant Units by Geography	4,881	0.0	26.2	67.6	6.2	0.0
Businesses by Geography	7,237	0.0	20.5	69.9	9.6	0.0
Farms by Geography	355	0.0	5.4	82.5	12.1	0.0
Family Distribution by Income Level	28,781	21.6	18.5	21.9	38.1	0.0
Household Distribution by Income Level	40,991	23.0	15.7	20.7	40.6	0.0
Median Family Income - Hagerstown-Martinsburg, MD-WV MSA		\$64,343	Median Housing Value			\$160,982
			Median Gross Rent			\$934
			Families Below Poverty Level			10.4%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0 percent.</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Hagerstown MSA assessment area is moderately competitive. According to the FDIC Deposit Market Share data as of June 30, 2021, 9 FDIC-insured institutions operate 27 branches within the assessment area. As MVB Bank had sold all branches in this assessment area in April of 2021, the bank had no deposits in this assessment area at the time of reporting. Competitor institutions in the assessment area included United Bank, Truist Bank, City National Bank of West Virginia. Together, the three competitor institutions account for 61.7 percent of the market share.

There is a high level of competition for small business loans within the assessment area. Aggregate data for 2021 shows 65 lenders reported 1,818 small business loans originated or purchased. Overall, MVB Bank ranked 49th with a 0.1 percent market share by number of loans and 32nd with a 0.3 percent market share by dollar volume. The five top small business lenders accounted for 52.6 percent of the total market share by number.

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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, 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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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 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.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.