



PUBLIC DISCLOSURE

September 29, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Chain Bridge Bank, National Association
Charter Number 24755

1445-A Laughlin Avenue McLean, VA 22101

Office of the Comptroller of the Currency

400 7th Street S.W. Washington, DC 20291

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, 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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

The major factors supporting this rating include:

- The Bank's quarterly average net loan-to-deposit ratio (LTD) is reasonable and meets the standards for satisfactory performance;
- A majority of the loans were originated in the Bank's assessment area;
- The distribution of loans to borrowers of different income levels reflects reasonable dispersion given the demographics of the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the census tracts of different income levels ;
- The level of qualified community development (CD) services, loans, and investments represents excellent responsiveness to identified community development needs; and
- During the evaluation period there were no complaints related to the Bank's performance in meeting the credit needs of the AA.

Scope of Examination

Chain Bridge Bank, National Association (CBB) was evaluated under the Intermediate Small Bank examination procedures, as the Bank had assets of at least \$305 million as of December 31 of both of the previous two calendar years, and less than \$1.2 billion as of either of the prior two calendar years. These procedures evaluate the bank's performance based upon a Lending Test and a Community Development Test. The Lending Test considers the institution's performance pursuant to the following criteria: LTD Analysis; Assessment Area Concentration; Geographic Distribution; Borrower Profile; and Response to CRA Complaints. The Community Development Test evaluates the Bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and community development services. The evaluation period for the Lending Test covers the Bank's performance from January 1, 2013 through June 30, 2015. The evaluation period for the community development test is from August 8, 2011, the date of the last CRA Evaluation, through September 29, 2015.

For the period from January 1, 2013 through December 31, 2013, the Bank's performance was compared to the 2010 U.S. Census Data and the 2004 Metropolitan

Area (MA) Boundaries. For the period from January 1, 2014 through June 30, 2015, the performance was compared to the 2010 U.S. Census Data and the 2014 MA Boundaries.

CBB's primary loan product based on originations and purchases during the evaluation period is residential mortgages. The evaluation considered CBB's Home Mortgage Disclosure Act (HMDA) reportable loans (home purchase and home refinance) for the calendar years 2013, 2014, and year-to-date (YTD) 2015. Home improvement loans were not evaluated due to minimal volume.

In order to ensure that CBB's record of originating residential mortgage loans was accurate and reliable, we analyzed loan data CBB collected and reported in accordance with the HMDA requirements. During the data integrity examination, we evaluated CBB's processes to ensure the accuracy of collected HMDA data and tested a sample of CBB's reported HMDA loans. Specifically, we tested the accuracy of HMDA loan data by comparing it against CBB's loan file documentation. The data integrity examination revealed that CBB's publicly available HMDA loan data could be relied upon for the purposes of this CRA evaluation. Community development loans, investments and services submitted by Bank management were also verified to ensure that they met the regulatory definition for community development.

Description of Institution

Chain Bridge Bank, National Association, is an intrastate community Bank headquartered in McLean, Virginia. CBB was chartered on August 6, 2007 and has one branch. As of June 30, 2015, CBB has total assets of \$488.6 million and net tier one capital of \$35.8 million. CBB is wholly owned by Chain Bridge Bancorp, Inc., a one-bank holding company headquartered in McLean, Virginia. Chain Bridge Bank, National Association operates as a subsidiary of Chain Bridge Bancorp, Inc.

CBB's branch is open Monday through Friday from 9AM to 6PM and Saturday from 9AM to 12PM. The Bank's deposit services include checking accounts, savings accounts, money market accounts and certificates of deposit accounts. Its lending lines comprise personal loans, such as home equity loans, home equity and executive lines of credit, auto loans, personal installment loans, overdraft protection, and home mortgage loans; and commercial loans that include commercial real estate lending, commercial and industrial lending, and construction lending. CBB also offers mobile and online banking, debit card, safe deposit boxes, Visa gift card, CDARS, and international services. No branches were opened or closed since the prior CRA evaluation, and there were no mergers or acquisitions.

As of June 30, 2015, CBB reported net loans and leases of \$170.7 million or 34.94 percent of total assets. The loan portfolio is comprised of 97.44 percent of Residential Real Estate Loans, 2.95 percent of Commercial Loans, and 0.94 percent loans to individuals.

CBB operates in an intensely competitive market with many competitors consisting of local community banks, branches of larger national and regional lenders. As such, CBB has a relatively limited presence in its assessment area with its one branch. CBB’s main competitors are: Wells Fargo Bank, N.A., E*TRADE Bank, Wachovia Bank, N.A., Capital One, N.A., Bank of America, N.A., and SunTrust Bank.

There are no financial or legal impediments to hinder CBB’s ability to help meet the credit needs of the communities it services. CBB received a “Satisfactory” rating under the “Small Bank” rating criteria at the previous CRA evaluation, dated August 11 2011.

Description of Assessment Area

CBB has one assessment area (AA). The AA includes 325 census tracts within the Washington-Arlington-Alexandria, DC-VA-MD-WV MD # 47894, which is part of the larger Washington-Arlington-Alexandria, DC-VA-M-WV Metropolitan Statistical Area #47900. CBB designated all of the census tracts in Arlington County, Fairfax County, Fairfax City, and Falls Church in Virginia as its AA. Since CBB could not reasonably service the other counties, they were excluded from the Bank’s AA. CBB’s AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

The Office of Management and Budget ("OMB") revised Metropolitan Area (MA) and census tract geographic definitions and boundaries in February 2013. Those revisions became effective for CRA purposes on January 1, 2014. Thus, CBB’s CRA performance evaluation would require two separate analyses for the periods: January 1, 2013 through December 31, 2013; and January 1, 2014 through June 30, 2015.

The following table provides relevant demographic and housing information by census tract income level for 2013:

| Table 1A-Demographic Information for Assessment Area (2013) | | | | | | |
|--|-----------|------------|-----------------|---------------|--------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 325 | 4.00 | 11.69 | 35.38 | 47.38 | 1.54 |
| Population by Geography | 1,324,250 | 4.13 | 11.89 | 36.86 | 47.12 | 0.00 |
| Owner-Occupied Housing by Geography | 326,770 | 1.77 | 8.03 | 35.37 | 54.83 | 0.00 |
| Business by Geography | 158,385 | 1.70 | 8.55 | 36.82 | 52.84 | 0.09 |
| Farms by Geography | 1,601 | 2.00 | 8.93 | 35.79 | 53.22 | 0.06 |
| Family Distribution by Income Level | 315,918 | 15.21 | 13.96 | 19.15 | 51.67 | 0.00 |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 92,177 | 8.47 | 19.97 | 44.03 | 27.52 | 0.00 |

| | | | |
|--|---------|----------------------|---------|
| Median Family Income | 100,890 | Median Housing Value | 505,314 |
| HUD Adjusted Median Family Income for 2013 | 105,900 | Unemployment Rate: | |
| Households Below Poverty Level | 5% | Arlington County | 2.7% |
| | | Fairfax County | 3.4% |
| | | Fairfax City | 3.3% |
| | | Falls Church City | 2.9% |

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2010 US Census and 2013 HUD updated MFI

Of the 325 census tracts, 13 are low-income geographies, 38 are moderate-income geographies, 115 are middle-income geographies, and 154 are upper-income geographies and five have not been assigned an income classification.

The 2010 U.S. Census reported the total population of the AA at 1,324,250. Within the AA, there are 486,890 households and 315,918 families. There are 520,277 housing units, of which, 62.81 percent are owner-occupied, 30.78 percent are rental-occupied, and 6.42 percent are vacant housing units. Approximately 1.77 percent of owner-occupied housing is located in low-income geographies, 8.03 percent in moderate-income geographies, 35.37 percent in middle-income geographies, and 54.83 percent in upper-income geographies. The median housing cost is \$505,314. Based on statistics from the National Association of Realtors, the national median sales price for existing single-family homes was 208,300 in 2014. The high cost of living associated with this area makes home ownership difficult, especially for LMI individuals.

The 2010 median income for this AA was \$128,131, and the 2013 HUD updated median family income is \$105,900. Approximately 15.21 percent of families are low-income, 13.96 percent are moderate-income, 19.15 percent are middle-income, and 51.67 percent are upper-income. There are 4.94 percent of households below the poverty level.

The following table reflects the area’s 2014 demographics, updated to reflect the OMB revisions. The OMB changes did not significantly change the distribution of the assessment area’s population, or other demographics. The revised delineations resulted in two moderate- income census tracts being reclassified as middle- and upper-income tracts in 2014. The number of low-income tracts remained constant. The adjusted median family income increased slightly from 2013.

| Table 1B- Demographic Information for Assessment Area (2014) | | | | | | |
|---|-----------|------------|-----------------|---------------|--------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 325 | 4.00 | 11.08 | 35.69 | 47.69 | 1.54 |
| Population by Geography | 1,324,250 | 4.13 | 11.45 | 37.13 | 47.29 | 0.00 |
| Owner-Occupied Housing by Geography | 326,770 | 1.77 | 7.81 | 35.41 | 55.01 | 0.00 |

| | | | | | | |
|--|--------------------|-------|---|------------------------------|-------|------|
| Business by Geography | 141,277 | 1.70 | 8.17 | 37.44 | 52.62 | 0.07 |
| Farms by Geography | 1,470 | 2.18 | 8.50 | 35.65 | 53.61 | 0.07 |
| Family Distribution by Income Level | 315,918 | 15.12 | 13.90 | 19.07 | 51.90 | 0.00 |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 91,692 | 8.50 | 19.52 | 44.39 | 27.58 | 0.00 |
| Median Family Income HUD Adjusted Median Family Income for 2014 | 100,486 107,100 | | Median Housing Value | 505,314 | | |
| Households Below Poverty Level | 5% | | Unemployment Rate: Arlington County Fairfax County Fairfax City Falls Church City | 2.7% 3.4% 3.3% 2.9% | | |

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2010 US Census and 2014 HUD updated MFI

Competition for loans and deposits is strong in this AA. Based on the June 30, 2015 FDIC Summary of Deposit Market Share report, CBB's deposit market share within the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA is 0.21 percent, ranking CBB 32 out of 86 institutions in the MSA. CBB's primary competitors are: E*TRADE (2 offices, 16.38 percent market share), Wells Fargo Bank, N.A. (167 offices, 14.45 percent market share), Bank of America, N.A. (163 offices, 13.29 percent market share), Capital One, N.A. (174 offices, 10.25 percent market share), and SunTrust Bank (172 offices, 8.72 percent market share).

Based upon the most recent 2013 Peer Mortgage Data, there were 529 lending institutions within CBB's AA competing for mortgage applications. The top five lenders dominate the market with overall market share of approximately 35.49 percent. The top five lenders are: Wells Fargo Bank, N.A., JP Morgan Chase Bank, US Bank, N.A., SunTrust Mortgage Inc., and Branch Banking & Trust Company. CBB ranks 125th with a market share of 0.06 percent. The demographics of low- and moderate-income borrowers make it difficult to satisfy all of the CRA needs of all of the various banks within the AA, due to the large market share of the nationwide and regional banks.

The current local economy within the AA is characterized as stable due to the close proximity to DC. The federal government is the largest employer. Many residents work for the government or for contractors of the federal government. Economic activity in the area revolves around professional services and technology. According to the August 2015 Bureau of Labor Statistics data, the seasonally adjusted unemployment rate was 2.7 percent for Arlington County, 3.4 percent for Fairfax County, 3.3 percent for Fairfax City, and 2.9 percent for Falls Church City. The unemployment rate for the state of Virginia was 4.5 percent. The national unemployment rate was 5.8 percent as of September 2015.

We conducted a community contact with the Housing and Community Services of Northern VA (HCSNV) to determine the credit and development needs in the AA. HCSNV is a non-profit organization dedicated to preventing homelessness by helping

families overcome housing distress and achieve self-sufficiency. The contact noted that despite the level of affluence, the percentage of people living in poverty in the area has been slowly increasing. There is a need for support for people at risk of losing their homes. This includes both financial support as well as assistance in working with lenders and maneuvering through different programs. Fairfax County is fairly affluent however there are folks residing in the community who need help in order to stay in their home. Affordable housing remains a key need in the area. There are concerns among some non-profit organizations that as development plans move forward in the area that not enough consideration is being given to developing and maintaining significant numbers of affordable housing units to address the growing need. The Fairfax County Department of Housing and Community Development (HCD) recently announced the availability of up to \$12 million in local and federal funds for the development of affordable housing in Fairfax County. This could potentially provide an opportunity for area financial institutions to help support the development of affordable housing in the area. The contact stated that Chain Bridge Bank is an active supporter of the organization. A member of the Bank's staff currently serves on the planning committee for the organization's upcoming annual fundraiser.

Conclusions with Respect to Performance Tests

CBB's performance under the Lending Test is "Satisfactory". CBB's quarterly average net loan-to-deposit ratio (LTD) is reasonable. A majority of loans originated were inside the Bank's combined AA. The distribution of loans reflects a reasonable distribution among individuals of different income levels. The geographic distribution of loans reflects reasonable distribution throughout census tracts of different income levels. All criteria of the Lending Test are documented below.

LENDING TEST

Loan-to-Deposit Ratio

CBB's quarterly average net loan-to-deposit ratio is reasonable given the Bank's size, financial condition, performance context, and the credit needs of the AA, and it meets the standards for satisfactory performance. The Bank's quarterly average net loan-to-deposit ratio over the sixteen quarters since the last CRA evaluation was 41.01 percent. The ratio ranged from a quarterly low of 28.99 percent to a quarterly high of 57.23 percent during that time period. CBB has a significant amount of political campaign deposits that are seasonal in nature and have an impact on the Bank's loan-to-deposit ratio. When adjusting for these seasonal political campaign deposits, CBB's quarterly average net LTD is 66.41 percent, with a low of 58.9 percent as of March 2013 and a high of 73.4 percent as of June 2015. The quarterly average net loan-to deposit ratio for a custom peer group of three similarly sized and situated banks was 89.13 percent over the same period. The custom peer group's ratio ranged from a quarterly low of 86.51 percent to a quarterly high of 93.02 percent during that time period.

Lending in Assessment Area

A majority of CBB's home mortgage loans were originated or purchased inside the Bank's assessment area and meets the standard for satisfactory performance. In 2013, the Bank originated 63.95 percent of home mortgage loans in the assessment area by number and 66.05 percent by dollar volume. In 2014 and year-to-date 2015 (YTD), the Bank originated 65.02 percent of its home mortgage loans by number and 59.06 percent by dollar volume inside the assessment area. Overall, the Bank originated 64.31 percent of home mortgage loans by number and 61.01 percent by dollar volume inside the assessment area during 2013, 2014 and 2015 YTD combined.

The following table details the Bank's lending within the AA by number and dollar amount of loans.

| Table 2 -Distribution of Loans Inside and Outside of Assessment Area | | | | | | | | | | |
|---|-----------------|--------------|------------|--------------|------------|---------------|--------------|---------------|--------------|----------------|
| Loan Category of Type | Number of Loans | | | | | Dollar Volume | | | | |
| | Inside | | Outside | | Total # | Inside | | Outside | | Total \$(000s) |
| | # | % | # | % | | \$(000s) | % | \$(000s) | % | |
| 2013 | | | | | | | | | | |
| Home Purchase | 15 | 48.39 | 16 | 51.61 | 31 | 6,336 | 55.08 | 5,167 | 44.92 | 11,503 |
| Refinance | 37 | 74.00 | 13 | 26.00 | 50 | 20,970 | 68.64 | 9,582 | 31.36 | 30,552 |
| Home Improvement | 3 | 60.00 | 2 | 40.00 | 5 | 2,418 | 82.11 | 527 | 17.89 | 2,945 |
| 2013 Total | 55 | 63.95 | 31 | 36.05 | 86 | 29,724 | 66.05 | 15,276 | 33.95 | 45,000 |
| 2014 - 2015 YTD | | | | | | | | | | |
| Home Purchase | 65 | 56.52 | 50 | 43.48 | 115 | 30,756 | 58.91 | 21,455 | 41.09 | 52,211 |
| Refinance | 72 | 72.73 | 27 | 27.27 | 99 | 34,360 | 57.34 | 25,561 | 42.66 | 59,921 |
| Home Improvement | 8 | 72.73 | 3 | 27.27 | 11 | 3,545 | 85.79 | 587 | 14.21 | 4,132 |
| 2014 - 2015 YTD Total | 145 | 65.02 | 80 | 35.56 | 225 | 68,661 | 59.06 | 47,603 | 40.94 | 116,264 |
| Total Home Loans | 200 | 64.31 | 111 | 35.69 | 311 | 98,385 | 61.01 | 62,879 | 38.99 | 161,264 |

Source: 2013, 2014 and YTD 2015 HMDA LARs

Lending to Borrowers of Different Incomes

The distribution of loans reflects reasonable distribution among individuals of different income levels, and CBB's record of lending to borrowers of different incomes meets the standard for satisfactory performance.

In our analysis, we took into consideration the lack of affordability for a low- or moderate-income (LMI) family to purchase a home. Based on the 2010 census data, the median cost of housing is \$505,314. The 2014 HUD updated median family income is \$107,100, which means a low-income family earned less than \$53,550. Additionally, moderate-income families earned at least \$53,550 but less than \$85,680. Therefore, low- and moderate-income borrowers would have difficulty qualifying for home

mortgage loans. Many of the LMI families rent as opposed to own their own homes. The 2010 U.S. Census data reported that owner-occupied units represent 62.81 percent, renter occupied units represent 30.78 percent, and vacant housing units represent 6.42 percent of the total housing units available in the AA. Furthermore, 4.94 percent of households in the AA are below the poverty level. In addition, there are numerous financial institutions competing for the market share of residential home purchase, home refinancing, and home improvement loan products. The top five lenders had a combined market share of 35.49 percent. Among the leading lenders were national and regional financial institutions such as Wells Fargo Bank N.A.; JPMorgan Chase Bank, N.A., US Bank, N.A., SunTrust Mortgage Inc.; and Branch Banking and Trust Co.

During 2013, the Bank did not originate or purchase any home purchase loans to low-income borrowers. As indicated above, lack of home ownership affordability limits opportunities for home loan lending to low-income AA families. However, lending to moderate-income borrower compares favorably to area demographics. The percentage of home purchase loans made to moderate-income borrowers significantly exceeded the percentage of moderate-income families in the AA at 23.43 percent. In 2014 and YTD 2015, home purchase lending to low-income borrowers was below the percentage of low-income families in the AA and home purchase lending to moderate-income borrowers was slightly below the percentage of moderate-income families in the AA.

During 2013, CBB did not originate or purchase any home refinance loans to low-income borrowers. In 2014 and YTD 2015, CBB's home mortgage refinance lending to low-income borrowers was significantly below the percentages of low-income families in the AA. CBB's home mortgage refinance lending to moderate-income borrowers in 2013 was lower than the percentage of moderate-income families in the AA, but in 2014 and YTD 2015 was near the percentage of moderate-income borrowers in the AA.

The following two tables show the distribution of home loan products among borrowers of different income levels for the periods of January 1, 2013 through December 31, 2013, and January 1, 2014 through June 30, 2015, respectively, as compared to the percent of families in each income category.

| Table 3A - Borrower Distribution of Residential Real Estate Loans January 1, 2013 – December 31, 2013 | | | | | | | | |
|--|---------------------|----------------------------|---------------------|----------------------------|---------------------|----------------------------|---------------------|----------------------------|
| Borrower Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans |
| Home Purchase | 15.21 | 0.00 | 13.96 | 21.43 | 19.15 | 35.71 | 51.67 | 42.86 |
| Home Refinance | 15.21 | 0.00 | 13.96 | 5.56 | 19.15 | 11.11 | 51.67 | 83.33 |

Source: HMDA – reported data report 01/01/13 – 12/31/13; 2010 U.S. Census data.

| Table 3B - Borrower Distribution of Residential Real Estate Loans January 1, 2014 – June 30, 2015 | | | | | | | | |
|--|------------------|----------------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|
| Borrower Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans |
| Home Purchase | 15.21 | 5.17 | 13.96 | 8.62 | 19.15 | 20.89 | 51.67 | 65.52 |
| Home Refinance | 15.21 | 2.86 | 13.96 | 10.00 | 19.15 | 12.86 | 51.67 | 74.29 |

Source: HMDA – reported data report 01/01/14 – 06/30/15; 2010 U.S. Census data.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels, and CBB's performance meets the standard for satisfactory performance. There were no conspicuous gaps identified within CBB's AA.

In evaluating the geographic distribution of home mortgage loans, we considered the limited number of owner occupied units located in low-income geographies, the limited population residing in low-income geographies, and the strong level of competition from competing financial institutions. Only thirteen or four percent of the AA's 325 census tracts are categorized as low-income. Less than five percent of the AA's population resides in the limited number of low-income geographies. Owner-occupied housing units located in low-income geographies was also very limited, representing less than two percent of total owner-occupied housing units in the AA.

The limited population residing in low-income geographies, the limited number of owner occupied units located in low-income geographies, and a strong competitor presence in the AA limited the Bank's ability to originate loans in low-income geographies.

There were no home purchase loans made in low-income geographies during 2013. In 2014 and YTD 2015, CBB's percent of home purchase loans in low-income geographies was near to the percent of owner-occupied units in low-income geographies. In 2013, 2014 and YTD 2015, the distribution of home purchase loans to moderate-income geographies significantly exceeded the percent of owner-occupied units in moderate-income geographies and reflects excellent dispersion.

The Bank did not make any home refinance loans to borrowers in low-income geographies during the evaluation period. The percentage of home refinance loans in the moderate-income geographies exceeded the percent of owner-occupied housing units in in these geographies. This performance is considered excellent when considering the strong competition and only one branch office in these geographies.

The following tables detail the Bank's performance as compared to the percentage of owner-occupied housing units in each census tract income level for the periods of January 1, 2013 through December 31, 2013, and January 1, 2014 through June 30, 2015, respectively:

| Table 4A - Geographic Distribution of Residential Real Estate Loans January 1, 2013 – December 31, 2013 | | | | | | | | |
|--|---|----------------------------|---|----------------------------|---|----------------------------|---|----------------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan type | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans |
| Home Purchase | 1.77 | 0.00 | 8.03 | 40.00 | 35.37 | 20.00 | 54.83 | 40.00 |
| Home Refinance | 1.77 | 0.00 | 8.03 | 10.81 | 35.37 | 8.11 | 54.83 | 81.08 |

Source: HMDA – reported data report 01/01/13 – 12/31/13; 2010 U.S. Census data.

| Table 4B - Geographic Distribution of Residential Real Estate Loans January 1, 2014 – June 30, 2015 | | | | | | | | |
|--|---|----------------------------|---|----------------------------|---|----------------------------|---|----------------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan type | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans |
| Home Purchase | 1.77 | 1.54 | 8.03 | 32.31 | 35.37 | 13.85 | 54.83 | 52.31 |
| Home Refinance | 1.77 | 0.00 | 8.03 | 11.11 | 35.37 | 12.50 | 54.83 | 76.39 |

Source: HMDA – reported data report 01/01/14 – 06/30/15; 2010 U.S. Census data.

Responses to Complaints

CBB did not receive any complaints regarding its performance in helping to meet the credit needs in the Bank's AAs during this evaluation period.

COMMUNITY DEVELOPMENT TEST

CBB's performance under the Community Development Test is rated Outstanding.

The Bank demonstrated excellent responsiveness to its assessment area needs through community development loans, investments, and services, considering the Bank's capacity and the need and availability of opportunities in the Bank's assessment area. In evaluating the Bank's community development performance, consideration was given to the level of competition in the assessment area. More detail on the level of

activity within each of the three components of the Community Development Test is provided below, along with the regulatory definition of community development.

According to the definition found in 12 CFR 25, community development means:

- 1) Affordable housing for low- or moderate-income individuals;
- 2) Community services targeted to low- or moderate-income individuals;
- 3) Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs or have gross annual revenues of \$1 million or less; or
- 4) Activities that revitalize or stabilize:
 - low- or moderate-income geographies;
 - designated disaster areas; or
 - distressed or underserved non-metropolitan middle-income geographies.

Number and Amount of Community Development Loans

For the purpose of this evaluation, a community development loan is defined as a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the bank for consideration under small business or residential mortgage lending (unless it is a multifamily dwelling loan), and (3) benefits the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area.

During the evaluation period, CBB extended 27 qualified community development loans in the AA totaling approximately \$16.8 million. Of the total community development loans, \$5.4 million (15) or 32 percent were originated within CBB's assessment area, and \$11.1 million (12) or 66 percent supported the broader statewide or regional area that includes the assessment area. In response to the identified credit needs of the AA, the vast majority of the loans focused on projects for the creation or renovation of affordable housing for low- and moderate-income individuals. CBB originated 14 affordable multifamily loans totaling approximately \$5.1 million in the AA during the evaluation period. Under the CRA regulation, CBB is able to get credit for qualifying community development activities made outside of its assessment area because it has adequately addressed community development credit needs within its assessment area.

CBB is an approved lender for the SBA Express and Export Express under the 7a guarantee program. CBB also originates SBA 504 loans. These programs offer financing for qualified businesses that may not be eligible for traditional bank financing. CBB originated six SBA-guaranteed loans totaling \$2.3 million during the evaluation period. Of those loans, one loan totaling \$400 thousand was through the SBA's 7(a) program and five loans totaling \$1.9 million through the SBA's 504 program. According to a U.S. Small Business Administration lender ranking report, CBB was ranked fifth out of community banks and 20th out of 72 active SBA lenders in the Washington

Metropolitan Area. In addition, the Bank was awarded by the SBA Washington District office the Patriot Express Award for most SBA loans to Veteran owned companies.

During the evaluation period, CBB also participated in a Moderate Income Purchase Assistance Program (MIPAP) to meet the needs of first time homebuyers in Arlington, Virginia. MIPAP offers low- and moderate-income first time homebuyers a no-interest loan covering up to 25 percent of the purchase price. CBB is the only local financial institution for Arlington County approved for the County's MIPAP program. Finally, the Bank, as member of the FHLB-Atlanta is an approved lender for their First Time Home Buyer, Community Partners and Veterans Products.

Number and Amount of Qualified Investments

A qualified investment for the purpose of this CRA evaluation is a lawful investment, deposit, membership share, or grant that has community development as its primary purpose.

During the evaluation period, CBB provided eleven qualified community development investments of \$8.9 million in its assessment area or to a greater geographic area that included the assessment area. The outstanding balance on the prior period investments was \$3.1 million. In addition, CBB made 15 grants and donations totaling \$10,346 thousand to local charitable organizations whose operations primarily serve low- and moderate-income individuals or areas. The Bank also made contributions to support organizations engaged in affordable housing and homeownership counseling.

The following examples illustrate the most significant community development investments CBB provided that benefits the assessment area or a greater statewide area that includes the assessment area.

- CBB invested \$3.3 million in a Small Business Investment Company (SBIC) fund which helps to finance small businesses and create permanent employment opportunities for low- and moderate-income individuals.
- CBB holds three Virginia Housing Development Authority (VHDA) bonds totaling \$3.5 million. The VHDA is an independent agency of the Commonwealth whose purpose is to facilitate the housing needs of low- and moderate-income individuals and families.
- During the evaluation period, CBB purchased \$1.1 million in GNMA mortgage-backed securities. The original underlying mortgages provided funding for four low- and moderate-income borrowers in the AA.
- CBB has two certificates of deposits from two Community development financial institutions (CDFIs) totaling \$500 thousand. CDFIs provide a unique range of financial products and services in economically distressed target markets, such as mortgage financing for low-income and first time homebuyers and not-for-

profit developers; flexible underwriting and risk capital for needed community facilities; and technical assistance, commercial loans, and investments to small start-up or expanding businesses in low-income targeted areas.

- CBB has invested \$500 thousand in a SBA loan fund called Solomon-Hess. The fund's mission is to promote job creation, retention and improvement in low- or moderate-income areas, or for low- and moderate-income persons employed by small businesses, by creating greater financial liquidity and a lower cost of capital within the Small Business Administration Section 7(a) loans.

Extent to Which the Bank Provides Community Development Services

During the review period, CBB employees provided 210 service hours in various capacities for community development organizations, by participating in 30 different community development services. The community development services offered focused on education, affordable housing, economic development, fund raising, and other community services that aided low- and moderate-income geographies and low- and moderate-income individuals.

The following is a partial list of organizations that CBB supported during the evaluation period:

- Everyone's Home Matters (Housing and Community Services of Northern VA)
- Washington Area Community Investment Fund (WACIF)
- Arlington Food Assistance Center (AFAC)
- Virginia Small Business Partnership
- Small Business Commission Fairfax
- Hispanic Committee of VA
- Business Finance Group

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any AA by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

There was no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs of the Bank's combined assessment area.