



COMMUNITY REINVESTMENT ACT

Board Resolutions

To conform with the Community Reinvestment Act of 1977, the Board of Directors of First National Bank does hereby issue the following Resolutions and Statement.

First National Bank is a bank with total assets of \$1,016,528 as of December 31, 2023, nineteen (19) retail branch locations, eighteen (18) automated teller machine locations, and thirteen (13) cash dispensing machine locations.

The primary objectives of First National Bank are to maintain public confidence, its reputation as a sound financial institution, and to operate profitably. Meeting these objectives requires a diversified deposit base and a moderate lending policy that incorporates a sophisticated loan administration program to mitigate risks and maintain portfolios of commercial, real estate, and consumer loans. In administering the loan portfolio, loan administration must consider the following factors: credit risks, concentrations, liquidity, flexibility, and competition.

The Board and Management believe a sound Loan Policy combined with sophisticated loan administration will result in a strong loan portfolio that provides profitable means of employing shareholder capital and depositor funds. The Board and Management realize lending money involves the assumption of reasonable business risks and that even strong loan portfolios will incur losses. However, the Bank's profitability should not be materially affected by the assumption of reasonable business risks, which allow the Bank to grow and serve the credit needs of communities served.

In view of the foregoing, this Board hereby resolves that:

- Communities served by First National Bank shall consist primarily of all or portions of the Counties of Amherst, Bedford, Campbell, Halifax, and Pittsylvania, and the Cities of Charlottesville, Danville, and Lynchburg. Particular relationships or the purchase of indirect automobile loans from various automobile dealers may result in loans being made from outside our described market areas;

The Bank is committed to meeting the credit needs of communities served, including the needs of individuals living in low- and moderate-income neighborhoods. All loans shall be offered in accordance with safe banking practices. The Bank strictly prohibits discrimination against credit applicants based on race, color, religion, national origin, sex, disability, familial status, age (provided the applicant can enter into a binding contract), income derived from public assistance programs, or residency in, or association with, low- or moderate-income areas;

- Management is directed to remain informed regarding the credit needs of communities served. To achieve this directive, Management should actively engage in community organizations through personal participation or by conducting interviews of individuals involved in these organizations to ensure a comprehensive understanding of credit needs is developed.
- Currently, Management utilizes community contacts, existing customers, and marketing and advertising efforts to provide awareness of the Bank's services. Management will proactively pursue opportunities to better serve the communities through ongoing programs and innovative new programs that may become available;
- Management will work to identify issues in communities served that the Bank may be able to help address and resolve; and
- The Bank shall invest, subject to available resources, in bond issues and extensions of loans to the municipalities of communities served.



COMMUNITY REINVESTMENT ACT STATEMENT

1. First National Bank's (the "Bank") Efforts to Ascertain the Credit Needs of the Community

The Bank remains committed to identifying and addressing the credit needs of individuals living communities served, including those in low and moderate-income neighborhoods, in a manner that aligns with the safe and sound operation of the institution.

Efforts should include the following:

- ***Presentations to and involvement in local civic clubs, churches, service and professional organizations, and other organizations*** - Officers and employees of the Bank speak before and assume leadership roles in various local organizations and groups that enable the message of credit services offered by the Bank to reach virtually every segment and income level of the community.
- ***Communication with government officials and involvement in the governmental process*** - Directors, Officers, and employees of the Bank are in regular contact with government officials and serve on governmental committees, boards, and councils, which helps enable the Bank to be aware of local programs through which it may offer credit services and local government to be aware of the types of credit services offered by the Bank to the community.
- ***Seminars*** - The Bank from time-to-time sponsors seminars on topics of public interest and invites the public to attend free of charge. These seminars afford Officers the opportunity to inform the public of numerous services offered by the Bank, including types of credit made available to the local community.
- ***Advertisement*** - The Bank advertises its credit services through local media resources such as television, newspaper, radio, and social media with credit applications being solicited from every segment and income group within the local community.

- ***The informal network*** - The Bank is attentive to communication channels of communities served that enable Officers to understand the credit needs of the various localities. This network includes other local bankers and lending personnel, contractors, real estate agents, and businesspeople familiar with housing needs.

2. Steps Taken to Help Meet the Credit Needs of the Community

The following activities play a part in the Bank's efforts to meet the credit needs of communities served and should be considered when evaluating the Bank's Community Reinvestment Act (CRA) performance:

- Loan products, including mortgage loans, home improvement loans, and equity loans are available to all individuals at the Bank's nineteen (19) branch locations. Applications are accepted during all normal banking hours. Appointments are available before, during, and after normal hours and are arranged upon request. Advertising through primarily newspaper ads, radio, television, and digital media, offers loan products to the public.
- A Loan Officer call initiative has been in place for many years. When appropriate, Management and Loan Officers collaborate to conduct joint calls with businesses located or are considering locating to communities served. We believe active participation to entice new business to communities served helps improve community prosperity and quality life for residents.
- Directors actively facilitate connections between customers or prospects and Loan Officers, expanding the Bank's ability to meet the credit needs of communities served.
- The Bank has provided financing and financial support to local governments, hospitals, fire departments, churches, nursing homes, civic and community clubs, and other non-profit organizations. The Bank has also supported many community and regional projects.
- CRA is an important part of First National Bank. Appropriate employees receive periodic CRA instruction and CRA guidelines are reviewed during relevant training sessions. The Bank's CRA Officer and Compliance Officer work to keep Directors, Officers, and employees updated on CRA to include changes to CRA regulations and concerns.

- The CRA Officer and Compliance Officer participate in frequent seminars where CRA is the topic of presentation to stay informed on opportunities as well as guidance items. Seminars in the past have been sponsored by the ABA, VBA, VACB, OCC, and Federal Reserve. The material covered is shared with the Directors, Officers, and employees as appropriate.
- The Bank regularly reviews its entire product line, including loan and deposit offerings. New products and services are introduced, and existing ones are updated to meet the evolving needs of customers.

The Bank's Loan Officers are in regular contact with local realtors and contractors to keep our mortgage loan programs and interest rates top of mind to assist their clients.

3. Available Loan Types

a. Unsecured

The Bank offers unsecured loans to consumer customers within the guidelines of our Loan Policy. Given the higher risks associated with unsecured loans compared to secured loans, Loan Officers must carefully assess the following factors before making a loan decision:

- Customer History
- Debt-to-Income Ratio
- Maximum Loan Amount
- Employment Status
- Purpose of the Loan
- Financial Statement (for loan amount \$10,000 or higher)
- Beacon Score
- Net Worth
- Liquid Assets
- Primary Deposit Relationships

Unsecured loans should be approved with caution, only after thoroughly evaluating all these factors.

b. Automobile Loans

Automobile loans are available directly to our customers and through partnerships with automobile dealers. The Bank provides direct loans to its customers and collaborates with multiple dealerships to offer convenient financing options for new and used cars, limited to models from 2011 or newer. To enhance service and expand our reach, the Bank established a dedicated Indirect Loan Department,

staffed by experienced dealer lenders, to streamline the loan process with both local and non-local dealerships.

c. Savings and Time Certificates of Deposit Loans

This type of loan is considered fully secured and, when properly documented, is the safest loan a bank can offer. The Bank provides loans secured by savings or certificates of deposit for any legitimate purpose. Customers receive a lower interest rate on loans secured by their deposit instruments at First National Bank.

d. Debt Consolidation Loans

The need for a debt consolidation loan indicates that the customer may be experiencing financial difficulties and could have challenges managing their finances. These loans are carefully evaluated by reviewing the customer's financial history, the circumstances surrounding the request, and the collateral offered to secure the loan.

e. Common Stock/Marketable Securities as Collateral

Stock loans fall into two categories: loans for the purchasing or carrying margin stocks, and all other loans secured by common stock. Loans in the first category are made in compliance with Regulation U. Loans in the second category are collateralized and governed by the terms outlined per our policy when the loan is made.

f. Church and Other Non-Profit Organizations

The Bank provides loans to churches, non-profit organizations, and clubs. These loans typically involve, but are not limited to, real estate owned by the organization.

g. Recreation Equipment Loans

This class of loans includes campers, trailers, travel trailers, boats, boat motors, boat trailers, motor homes, and similar recreational vehicles.

h. One-To-Four Family First Mortgage Loans

Our portfolio consists of conforming loans, eligible for sale on the secondary market, and non-conforming loans which we service in-house. Conforming loans follow guidelines set by Fannie Mae and Freddie Mac and other secondary market entities, with applications available online. Non-conforming loans cater to

customers who may not meet stricter conforming criteria, using standards set by Senior Management and may be subject to Senior Management or Loan Committee approval.

i. Multi-family Mortgage Loans

The Bank actively pursues opportunities to provide multi-family mortgage loans. Given the unique characteristics of these loans, including elevated risk factors, and potential property deterioration, they undergo a rigorous and detailed review.

j. Second Mortgage Loans and Home Equity Loans/Lines

When originating these loans, the Bank ensures there is an adequate source of repayment beyond the sale of the property. Loan-to-value ratios are determined according to the guidelines in effect at the time the loan is made. Some fixed rate and variable rate home equity loans/lines carry no fees, or reduced amount, with costs covered by the Bank, as outlined in the disclosed terms and conditions.

k. Home Improvement Loans

Home improvement loans are available for various purposes, including, but not limited to, home additions, air conditioning, heating systems, roofing, remodeling, swimming pools, fencing, and landscaping projects. These types of loans are underwritten similarly to our second mortgage and home equity loans/lines with the Bank covering costs associated with originating the loan based on disclosed terms and conditions.

l. Construction Loans

The Bank provides both residential and commercial construction loans. Given the inherent risks of these loans, meticulous underwriting is essential to mitigate potential risks to the institution. Rigorous oversight of the draw process is crucial to ensuring successful project completion and safeguarding the transition to permanent financing.

m. Mobile Home and Modular Home Loans

The Bank recognizes the need for low-cost, affordable housing and mobile and modular homes often meet this need. The Bank finances the purchase of both new and used mobile homes after carefully reviewing the information about the borrower and the condition of the manufactured home.

n. Land Loans

Land loans are offered to consumers for purposes such as future development, primarily for building a home, or for land intended to be held with no immediate development plans.

o. Commercial Lines of Credit

The Bank is committed to providing sound, short-term loans to business customers, as resources allow, and opportunities arise. Short-term lines of credit may be unsecured or may be secured by assets such as accounts receivable and inventory.

p. Commercial Term Loans

Term loans are those with a maturity greater than one (1) year, amortized and repaid from the business's cash flow and/or guarantor(s)' cash flow. These loans are generally secured by the borrower's fixed assets. The purpose for which the Bank makes term loans includes, but is not limited to, the following:

- Equipment Financing
- Plant modification or Expansion
- Refinancing an Existing Debt
- Replenishing Working Capital Depleted by Previous Expansion

q. Loans to Small Businesses

Small businesses, which bridge the gap between large corporations and individual customers, form the backbone of the American economy. It is the policy of the Bank to provide a comprehensive range of services to small businesses. Since small business owners are often less experienced than large corporations, our Loan Officers dedicate time to thoroughly analyze and address their needs. In many cases, small business owners seek a consultant or an external perspective, which brings them to the Bank. While these interactions may not yield immediate interest income, they foster and enhance deposit relationships, and often lead to referrals. Small business loans are made after careful consideration is given to the profitability and liquidity of the business, the reason for the loan, the business management experience of the customer, the character of the owner, and the collateral offered.

r. Agricultural Loans

The Bank provides agricultural loans for various purposes, including planting, harvesting, and marketing crops, short-term credit working capital, and longer-term loans for equipment purchases. We also offer farm loans secured by real estate. Given the unique risks associated with agricultural loans, many of which are unpredictable and beyond the borrower's control, these applications are thoroughly reviewed.

s. Loans to Local Governments

The Bank provides loans to local governments to support initiatives that improve the standard of living and enhance the overall well-being of community.

t. Other

First National Bank offers loans as low as \$1,000 to help meet the credit needs of low and moderate-income families with a reduced fee of \$100 on loans up to \$4,999.

4. Other Available Services

a. Individual Retirement Accounts (IRA)

The Bank offers both variable-rate and fixed-rate IRAs designed to accommodate customers of all income levels, including those with low to moderate incomes. With an initial opening deposit requirement of just \$100 and subsequent deposits as low as \$100, these IRAs make saving for retirement accessible and achievable for a broad range of customers.

b. Basic Deposit Services

The Bank offers a range of deposit services to meet the needs of various customers:

Savings Accounts: Available with a \$100 minimum opening deposit. A \$4 service charge applies if the balance falls below \$250 during the statement cycle, except for account holders under 21, encouraging youth to save and develop financial habits.

Checking Accounts: Free for individuals with a \$100 minimum opening balance. Churches and non-profit organizations enjoy no service charges on non-interest-bearing accounts.

Additional Options: The Bank also offers money market accounts and certificates of deposit to cater to diverse savings and investment goals.

c. Overdraft Protection Plans

The Bank provides three options for overdraft protection to meet the needs of its customers:

Standard Overdraft Protection: Automatically transfers funds from an eligible First National Bank account to cover overdrafts in the customer's checking account.

1st Advantage Overdraft Protection Plan: A revolving line of credit linked to the customer's checking account, automatically covering overdrafts up to the approved credit limit.

Overdraft Privilege: Available to all eligible consumer accounts for customers aged eighteen (18) and older. This service provides overdraft coverage as a courtesy. Note: Bank employees are not eligible for this program.

d. Electronic Banking Services

The Bank provides a comprehensive suite of electronic banking services designed for customer convenience.

Internet Banking: Perform transactions, transfer funds, check balances, and pay bills online.

Mobile Banking: Manage accounts, deposit checks remotely, send money, and use mobile wallet features.

Telephone Banking: Access account information and perform basic banking tasks by phone.

Remote Deposit Capture: Deposit checks without visiting a branch.
Account Creation: open deposit accounts online.

The Bank also offers the convenience of being able to withdraw cash at multiple on-site and off-site locations and make after-hours deposits at designated on-site locations. These services provide flexibility and accessibility without requiring face-to-face interactions.