



COMMUNITY REINVESTMENT ACT STATEMENT

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

The Bank affirms its continuing intention of determining and helping to meet the credit needs of communities served, including low and moderate-income neighborhoods, through means consistent with the safe and sound operation of the Bank.

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*** - Officers, Directors, 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 to which the Bank might offer credit services and enables local government to be aware of the types of credit 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 Bank Management the opportunity to inform the public of various 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 with credit applications being solicited from every segment and income group within the local community.
- ***The informal network*** - The Bank is attentive to the communication which exists within the local community which allows the Bank's Officers to learn about the credit needs of the various localities. This network includes

other local bankers and lending personnel, contractors, real estate agents, and other businesspeople who are aware of the housing needs in the area.

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 the local community and should be considered when evaluating the Bank's performance:

- Loan products, including mortgage loans, home improvement loans and equity loans are available to all individuals at 18 office locations. Applications are accepted during all normal banking hours. Appointments are available before, during, and after Bank hours and are arranged upon request. Advertising, through primarily newspaper ads, radio, television, digital media, and statement stuffers offer the loan products to the general public.
- An Officer call initiative has been in place for many years. When appropriate, the CEO, Senior Officers, and/or loan specialists within the Bank make joint calls on local businesses or businesses looking to locate in the community. We believe active participation to entice new business to our community helps improve community standards and way of life.
- Bank Directors take an active interest in bringing customers or prospects and Loan Officers together, which broadens the Bank's scope of meeting the credit needs of the community.
- The Bank has financed or given monetary support to local governments, hospitals, fire departments, churches, nursing homes, civic and community clubs. The Bank has supported many community-wide projects in various ways.
- CRA has been made an important part of the First National Bank. CRA training has been incorporated into the overall employee training program of the Bank. The employees receive periodic CRA instruction and the CRA guidelines are reviewed at training sessions when CRA applies to the material being covered. The Bank's CRA Officer and Compliance Officer endeavors to keep Directors, Officers, and employees updated on CRA concerns by keeping them informed of any updates or changes.
- The Compliance Officer and CRA Officer attend 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 Bank Directors and personnel at Board meetings and Committee meetings.

- The entire product line, including loan and deposit products, is reviewed periodically. New products and services are added, and existing products are modified to reflect the changing needs of customers for these services.

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 will lend on an unsecured basis to consumer customers within our unsecured policy guidelines. Because unsecured loans necessarily involve greater risks than secured loans, the following factors should be carefully considered by the loan officer in making the decision:

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

Unsecured loans should be made with great caution and only after all of the above factors have been carefully considered.

b. Automobile Loans

Loans for automobiles are available to our customers. The Bank continues to offer direct loans to Bank customers. The Bank also works with a number of automobile dealers to provide convenient financing for new and used cars. A separate indirect loan department was established in 1990 and is staffed with an experienced dealer lender(s) to handle automobile loans more efficiently through various dealers in the area.

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 make. The Bank will lend against savings or certificates of deposit and will make such loans for any legitimate purpose. First National Bank offers the customer a lower rate on loans secured by its deposit instruments.

d. Debt Consolidation Loans

The fact that the customer needs a debt consolidation loan is primary evidence that the customer is having financial difficulties and may have problems managing his or her financial affairs. These loans are carefully considered based on reviewing the customer's background, the circumstances surrounding the request, and the collateral being offered to secure the loan.

e. Common Stock/Marketable Securities as Collateral

Stock loans fall into two (2) categories: Those made for the purpose of buying or carrying margin stocks, and all other loans secured by common stock. Loans that fall into the first category above are made in compliance with Regulation U. The second category of loans are made on a collateralized basis as outlined per our policy when the loan is made.

f. Church and Other Non-Profit Organizations

The Bank makes loans to churches and other non-profit organizations and clubs. These loans usually involve, but are not limited to, the 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, etc.

h. One-To-Four Family First Mortgage Loans

Our portfolio consists of both conforming loans which may be sold on the secondary market, and non-conforming loans which we must service. The criteria used to make our conforming loans are the criteria established by Fannie Mae and Freddie Mac and various other secondary market companies. Customers can submit a secondary market mortgage application online. Non-conforming loans offer opportunities for housing to customers who may not qualify for the stricter conforming loans. These loans use criteria established by Senior Management and may be subject to Senior Management or Loan Committee approval.

i. Multi-family Mortgage Loans

The Bank actively seeks opportunities to make multi-family mortgage loans. Because of the nature of these loans, the increased risk factors, and possible increased property deterioration, these loans are very closely reviewed.

j. Second Mortgage Loans and Home Equity Loans/Lines

When making these loans, the Bank requires an adequate source of repayment other than the sale of the property. Loan-to-values are based on the guidance we have in place at the time the loan is made. Some of our variable rate home equity loans/lines carry no fees through Bank paid fees based on disclosed terms and conditions.

k. Home Improvement Loans

Home improvement loans can be made for a variety of reasons including, but not limited to, additions to a house, air conditioning, heating, a new roof, remodeling, swimming pools, fencing, and landscaping.

l. Construction Loans

The Bank makes residential and commercial construction loans.

m. Mobile Home and Modular Home Loans

The Bank recognizes the need for low-cost, affordable housing and mobile and modular homes fill this need quite often. The Bank will finance the purchase of new and used mobile homes after carefully reviewing the information about the borrower and the mobile home involved.

n. Land Loans

Land loans are made to consumers that eventually will develop, primarily building a home, or for land that will be held with no development plans for the foreseeable future.

o. Commercial Lines of Credit

It is the Bank's policy to grant all sound, short-term loans to local business customers that the Bank's resources permit, and opportunity affords. This is a community responsibility as well as a sound and profitable banking practice. Short-term lines of credit may be unsecured or may be secured with, among other things, accounts receivable and inventory.

p. Commercial Term Loans

Term loans are those with a maturity greater than one (1) year, regularly amortized, and are repaid from the business' cash flow and/or guarantor(s) cash flow. These loans are usually secured by the fixed assets of the borrower. 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

Between large corporations and individual customers are thousands of small businesses whose existence provides the foundation underlying the American philosophy of living. It is the policy of the Bank to provide a complete range of services to small businesses. Because this type of borrower is generally not as sophisticated as larger corporations, our loan officers are prepared and willing to spend sufficient time with the customer to properly analyze and help solve the customer's business problems. Often it is the need for a consultant or an outside opinion that brings the small businessperson to their banker. Although we may not realize immediate interest income in such cases, customer loyalty is developed, a more stable deposit relationship is nurtured, and referrals are often forthcoming. Direct small business loans are made, through our small business centralized underwriting area, 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

Farm loans are granted by this Bank for the purposes of planting, harvesting, and marketing crops, short-term credit for general working capital, and longer-term loans for the purchase of equipment. We also make farm loans secured by real estate.. Due to added risk factors involved in agricultural loans, many of which cannot be controlled nor anticipated, these loan applications are carefully scrutinized. Since our area is largely agricultural, we endeavor to work patiently with the farm community to meet their credit needs.

s. Loans to Local Governments

This Bank makes loans to local governments to help enhance the standard of living in the local 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 from our standard \$250 loan fee.

4. Other Available Services

a. Individual Retirement Accounts

Many low and moderate-income individuals cannot invest a lump-sum into any type of retirement plan. The Bank offers a variable rate and fixed rate IRA with an initial opening deposit of \$100. Subsequent deposits may be as low as \$100. These low deposit requirements put this type of retirement plan within the means of most customers, including the low and moderate-income customer.

b. Basic Deposit Services

Savings accounts are available to individuals with \$100 minimum opening deposit. There is a \$4 service charge on accounts if the balance falls below \$250 during the statement cycle. To encourage young people to save and understand the importance of being thrifty, the charge does not apply to account holders under the age of 21. Checking accounts are available free to anyone with a minimum opening balance of \$100. No service charge is applied to accounts for churches and non-profit organizations for all non-interest-bearing accounts. The Bank also has money market accounts and certificates of deposit.

c. Overdraft Protection Plans

The Bank offers standard overdraft protection which automatically covers the customer's overdraft by transferring funds into their checking account from another eligible First National Bank Account. The Bank also offers the 1st Advantage overdraft protection plan as a second type of overdraft protection plan. This is a revolving line of credit attached to the customer's checking account which automatically covers overdrafts up to the individuals approved credit line. Thirdly, the Bank offers Overdraft Privilege to all eligible consumer accounts for customers 18 years of age or older. Bank employees are not eligible for Overdraft Privilege.

d. Electronic Banking Services

The Bank offers electronic banking services for the convenience of our customers. Electronic banking products the Bank offers to customers include internet banking transactions, telephone banking, remote deposit capture, mobile banking, and account create. These services allow our customers to make remote deposits, transfer funds, make balance inquiries, pay bills electronically, send money to others, mobile wallet, and open deposit accounts online without face-to-face contact. The Bank also offers the convenience of being able to withdraw cash at multiple on-site and off-site locations. Customers can make deposits after hours at multiple on-site locations.