

PUBLIC DISCLOSURE

June 11, 2018

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Union Bank & Trust

693224

1051 East Cary Street
Suite 1200

Richmond, Virginia 23219

**Federal Reserve Bank of Richmond
P. O. Box 27622
Richmond, Virginia 23261**

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.

TABLE OF CONTENTS

	Page
Institution Rating	
Institution's CRA Rating	1
Table of Performance Test Ratings.....	1
Summary of Major Factors Supporting Rating.....	1
Institution	
Scope of Examination	2
Description of Institution	3
Conclusions With Respect to Performance Tests	3
Metropolitan Area (reviewed using full-scope review)	
Description of Institution's Operations in Richmond, VA	8
Conclusions with Respect to Performance Tests	11
Description of Institution's Operations in Washington-Baltimore-Arlington, VA	17
Conclusions with Respect to Performance Tests	21
Metropolitan Area (reviewed without using full-scope review)	
Description of Institution's Operations in Metropolitan Areas	26
Conclusions with Respect to Performance Tests	26
Nonmetropolitan Statewide Area (reviewed without using full-scope review)	
Description of Institution's Operations in the Nonmetropolitan Statewide Area.....	27
Conclusions with Respect to Performance Tests	27
Appendices	
CRA Appendix A: Scope of Examination.....	28
CRA Appendix B: Limited Review Tables	29
CRA Appendix C: Loan, Branch, and Deposit Volume by Assessment Area	51
CRA Appendix D: Assessment Area Composition	52
CRA Appendix E: Glossary.....	55

INSTITUTION RATING

INSTITUTION'S CRA RATING: Union Bank & Trust is rated **“SATISFACTORY”**

The following table indicates the performance level of Union Bank & Trust with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	<u>Union Bank & Trust</u>		
	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 in determining the overall rating.

Major factors supporting the institution's rating include:

- Lending activity reflects a good responsiveness to local credit needs consistent with the bank's capacity and economic condition.
- A substantial majority of the institution's reported Home Mortgage Disclosure Act (HMDA), small business, and small farm loans were originated within the bank's assessment areas.
- The overall geographic distribution performance is considered excellent, while the borrower distribution performance is considered adequate, overall.
- The bank made a relatively high level of community development loans during the evaluation period.
- The bank has a significant level of qualified investments that demonstrate good responsiveness to local credit needs.
- Delivery systems and branch locations are accessible to geographies and individuals of different income levels within the bank's assessment areas. Branch closings have not adversely affected low- and moderate-income neighborhoods.
- The bank provides a relatively high level of community development services within its primary market.

INSTITUTION

SCOPE OF EXAMINATION

The institution was evaluated using the interagency examination procedures developed by the Federal Financial Institutions Examination Council (FFIEC). Union Bank and Trust (Union) is required to report certain information regarding its home mortgage lending in accordance with the Home Mortgage Disclosure Act (HMDA). Accordingly, the bank's 2015, 2016, and 2017 HMDA loan originations were considered in the evaluation. Union is also required to collect loan data for small business and small farm loans in accordance with the Community Reinvestment Act (CRA). Therefore, the evaluation also includes an analysis of all small business and small farm loans reported by the bank during 2015, 2016, and 2017.

The evaluation also considers any qualified community development loans, investments, and services originated, purchased, or provided since the previous evaluation dated January 12, 2015. In addition, all qualified investments outstanding as of the evaluation date were considered, regardless of when made. This evaluation reflects the performance of Union, and also considers the activities of its affiliates and subsidiaries that impact Union's assessment areas.

To help determine the availability of community development opportunities in specific assessment areas, the CRA public evaluations of other financial institutions operating in these areas were reviewed. Also, in some markets members of the community were contacted to discern information about local economic conditions, local credit needs, performance of banks in the assessment area, as well as potential community development opportunities.

The institution's overall rating for each test is based on the ratings assigned to each assessment area and are weighted primarily by bank activities by relative lending volume, amount of deposits, and the number of branches. For assessment areas that are reviewed utilizing the limited scope examination procedures, a determination is made as to whether performance is consistent with the overall institution rating.

The following assessment areas were evaluated using the FFIEC's full scope examination procedures because of their location and relative size (considering volume of loan activity, proportion of bank deposits, and market population):

- Richmond, VA
- Washington-Baltimore-Arlington, VA

The remaining assessment areas were subject to limited scope reviews as provided for by the FFIEC examination procedures. The institution's overall rating and ratings for each test are based on the ratings assigned to the full-scope assessment areas. When assigning the institution's overall ratings for each test, performance within the Richmond, VA full-scope assessment area received greater weight than the Washington-Baltimore-Arlington, VA assessment area based on the level of activity, as measured by relative lending volume, amount of deposits, and number of branches. Appendix C includes data about the distribution of lending, branches, and deposits by assessment area. According to the FFIEC procedures, the lending test performance accounts for half of the institution's overall rating, while the investment and service tests are equally weighted at 25% of the overall rating.

DESCRIPTION OF INSTITUTION

Union Bankshares, Inc. (UBSI), Richmond, Virginia, a single-bank corporation owns Union and is headquartered in Richmond, Virginia. Since the previous examination, the bank acquired Xenith Bank Corporation, Richmond, Virginia, on January 1, 2018. With this merger, the bank's footprint expanded to include branches located in Maryland and North Carolina. The bank operates 143 branch locations.

As of March 31, 2018, Union had assets of \$13.1 billion, of which 74.7% were net loans and 11% were securities. Deposits totaled \$9.7 billion as of the same time period. Various deposit and loan products are available through the institution, including loans for residential mortgage, consumer, and business purposes. The composition of the loan portfolio (using gross loans) as of March 31, 2018, is represented in the following table:

Composition of Loan Portfolio

Loan Type	3/31/2018	
	\$(000s)	%
Secured by 1-4 Family dwellings	1,988,827	20.2
Multifamily	547,520	5.6
Construction and Development	1,249,196	12.7
Commercial & Industrial/ NonFarm NonResidential	4,635,351	47.1
Consumer Loans and Credit Cards	1,127,906	11.5
Agricultural Loans/ Farmland	47,423	0.5
All Other	237,227	2.4
Total	9,833,450	100.0

As indicated in the preceding table, the bank is an active commercial/small business and residential mortgage lender. The bank also continues to offer other loans, such as consumer and farm loans; however, the volume of such lending is relatively small in comparison to commercial/small business and residential mortgage lending. All loan types, except for agricultural lending, have experienced large dollar volume growth since the previous evaluation; however, the overall composition of the loan portfolio remains substantially similar.

Based on its financial capacity, there are no significant limitations on the bank's ability to meet credit needs within the communities it serves. The bank was rated Satisfactory during its previous CRA evaluation on January 12, 2015.

Since the previous evaluation, Union has opened two new branch offices, 20 branch offices were closed and 18 existing branch offices were consolidated and relocated.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The bank's overall lending test performance is rated High Satisfactory. This rating considers the bank's lending activity, assessment area concentration, geographic and borrower distribution performance, and community development lending. In addition, the bank's level of responsiveness and innovation in serving the credit needs of its assessment areas are also considered. These components are discussed in the following sections.

When evaluating the bank's performance, relevant area demographic data from the 2010 and 2015 American Community Survey (ACS) are used as a proxy for demand. While ACS data is collected and published by the U.S. Census Bureau on an annual basis, the demographic data relied upon in this performance evaluation is based on ACS data that is updated once every five years. Aggregate HMDA

and small business loan data from 2015 and 2016 is also considered when evaluating the bank's performance. Aggregate HMDA and CRA lending data from 2017 could not be considered in this evaluation because the data was not currently available as of the date of the evaluation. Dun & Bradstreet (D&B) business demographic data from 2015, 2016, and 2017 are also considered when evaluating the bank's performance.

While HMDA and small business data from calendar years 2015, 2016, and 2017 were fully analyzed and considered in the evaluation, only bank and aggregate data from 2016 are presented in the assessment area analysis tables. In instances where HMDA or small business distribution performance in 2016 varies significantly from the performance noted during 2015 and 2017, such variance and the corresponding impact on the overall performance are discussed.

During 2015, 2016, and 2017, the bank reported \$511.4 million in HMDA, \$1 billion in small business, and \$13.7 million in small farm loans within its assessment areas. While small farm loans were included in the comparison of credit extended inside and outside of the bank's assessment areas, these loans were excluded from the geographic and borrower distribution performance analyses given the limited volume.

It is also noted that throughout the majority of the bank's assessment areas, a high level of small business lending activity is noted for specialized lenders, who tend to originate small business loans in the form of credit cards. These loans, however, tend to be much smaller in size than traditional small business bank loans. The presence of these lenders is reflected in a smaller market share for traditional lenders, such as Union. Not only do such loans tend to be smaller, but when included in the aggregate, these reporters tend to depress the proportion of reported loans to businesses with revenues of \$1 million or less because a large proportion of such loans reported do not include revenue information. These factors were considered as an aspect of performance context when evaluating the level and distribution of the bank's small business lending.

Lending Activity:

A bank's loan-to-deposit ratio is one measure of its lending relative to its capacity. The bank's quarterly loan-to-deposit ratio for the 14-quarter period ending March 31, 2018, averaged 97.9% and ranged from 95% to 102.1%. During the same time period, the average of quarterly loan-to-deposit ratios of the national peer group was 85.1%, and ranged from 82.1% to 87.5%. The national peer group is defined as all insured commercial banks having assets over \$3 billion. Union's loan-to-deposit ratio, as of March 31, 2018, equaled 101%. No barriers to the bank's ability to lend were noted.

Since September 30, 2014, bank assets, net loans, and deposits have increased by 83.1%, 89.1%, and 71.8%, respectively. In an effort to meet the needs of its local communities, the bank offers various loan products including commercial, small business, farm, residential mortgage, home equity, and consumer loans. As previously noted, the bank's primary emphasis is commercial and residential mortgage lending.

When considering performance at the assessment area level, along with the bank's loan-to-deposit ratio and loan programs, overall lending activity is good relative to the bank's capacity to lend and the economic conditions within the bank's assessment areas. Lending activity is discussed in more detail in the full-scope assessment area sections later in this report.

Assessment Area Concentration:

Loan data in the following table reflects all originations and purchases for the specified loan types from January 1, 2015, through December 31, 2017. The data does not include large commercial loans (loan amounts in excess of \$1 million), other loan types not denoted, or the lending activity of affiliates or subsidiaries.

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

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	1,077	90.2	218,725	88.5	117	9.8	28,556	11.5
Home Improvement	427	97.0	21,640	95.5	13	3.0	1,023	4.5
Refinancing	806	92.9	176,994	89.6	62	7.1	20,640	10.4
Multi-Family Housing	74	85.1	94,033	77.2	13	14.9	27,718	22.8
Total HMDA related	2,384	92.1	511,392	86.8	205	7.9	77,937	13.2
Small Business	5,141	93.5	1,018,926	91.5	358	6.5	94,181	8.5
Small Farm	182	98.4	13,733	97.9	3	1.6	295	2.1
TOTAL LOANS	7,707	93.2	1,544,051	90.0	566	6.8	172,413	10.0

As indicated above, a substantial majority of the total number (93.2%) and dollar amounts (90%) of loans have been provided to residents, businesses, and farms within the bank's assessment areas.

Geographic and Borrower Distribution:

When evaluating the geographic and borrower distribution for a specific loan category (HMDA and small business) within an assessment area, primary emphasis is placed on the number (and corresponding percentage) of loans originated or purchased. When considering all loan products to arrive at an overall conclusion within an assessment area, the level of performance of each category is typically weighted by the dollar volume of each category. Similarly, when the performance of multiple assessment areas is considered to reach an institutional rating, the levels of performance of the assessment areas subject to full scope reviews are weighted primarily according to their dollar volume during the review period. In all cases, conclusions also take into consideration relevant performance context factors, such as the previously noted lending activity of specialized credit card lenders, which is relevant when evaluating the bank's small business lending distribution by revenue of business using aggregate data as a proxy for demand.

While the geographic and the borrower distribution of loans in the markets reviewed using full scope examination procedures is varied by product in some cases, on a combined basis when assigning appropriate weight to the assessment areas, the geographic distribution performance is considered excellent, while the borrower distribution is considered adequate overall.

Community Development Lending:

Union makes a relatively high level of community development loans totaling approximately \$42.3 million during the review period. These loans were made to borrowers that develop affordable housing, offer community services, promote economic development, or revitalize and stabilize low- and moderate- income areas within the bank's markets. The dollar volume of community development lending has more than quadrupled since the prior evaluation (\$9.1 million). Community development loans that benefit assessment area levels are discussed within the corresponding sections of this evaluation.

INVESTMENT TEST

Union's overall performance under the investment test is rated high satisfactory. This rating considers the bank's investment and grant activity, innovation or complexity in community development initiatives, and the responsiveness in meeting local credit and community development needs.

Union routinely makes qualified investments that benefit its local markets and/or larger regional areas. As of March 31, 2018, the bank has approximately \$1.4 billion in securities, representing 11% of its total assets. The bank currently holds a total of \$25.9 million in qualified community development investments, representing 1.8% of total securities and .2% of total assets. Of this total, approximately \$20.7 million benefits regional or statewide areas that include one or more of the bank's assessment areas, as follows:

- \$13.2 million in 12 qualified housing bonds issued by the Virginia Housing Development Authority (VHDA) benefits the statewide area, including the bank's assessment areas. The VHDA promotes affordable housing by financing single- and multi-family mortgages for low- and moderate-income individuals throughout the Commonwealth of Virginia.
- \$14.8 million in nine housing equity funds established by the Virginia Community Development Corporation's (VCDC), of which \$3.9 million has been funded. VCDC Housing Equity Funds benefit the statewide area, including the bank's assessment areas. The VCDC is the parent of the Virginia Community Development Fund, a chartered CDFI. The Funds facilitate the development and financing of affordable housing throughout the Commonwealth of Virginia and utilize the federal low-income housing tax credit program.
- A \$2 million investment in Virginia Community Capital (VCC). VCC is a Community Development Financial Institution (CDFI). The fund facilitates job creation, economic development, and enhancing quality affordable housing throughout the Commonwealth of Virginia.
- A \$2 million investment, of which \$1.1 million has been funded, in the Plexus Fund III, LP. The fund, which is managed by Plexus Capital, operates as a licensed small business investment company (SBIC). SBIC's are privately owned investment firms that are licensed and regulated by the Small Business Administration and provide venture capital to small businesses that facilitate community development. The fund's market area comprises the Commonwealth of Virginia.
- \$500,000 in a certificate of deposit issued by Community Capital Bank of Virginia (CCB), a subsidiary of non-profit holding company, Virginia Community Capital. CCB is a non-profit CDFI that provides loans and investments for affordable housing and economic development projects in the Commonwealth.
- A \$64,719 investment in King Street Partners, LP. The investment provides for affordable housing to communities throughout the Commonwealth.

The institution also actively supports numerous community development organizations through charitable contributions. Since the previous evaluation, donations totaling \$345,162 were made to organizations whose operations facilitate affordable housing, economic development, or services for low- and moderate-income individuals or areas. Of this total, \$72,871 benefits the larger regional area, including one or more of the bank's assessment areas.

Overall, Union has a good level of qualified community development investments that exhibits a good responsiveness to local credit needs. Investments that benefit the statewide and/or assessment area levels are discussed within the corresponding sections of this evaluation.

SERVICE TEST

Union's overall performance under the service test is high satisfactory. This rating considers the accessibility of delivery systems, changes in branch locations, reasonableness of hours and services, and the level of community development services.

Delivery systems and branch locations are considered accessible to essentially all portions of the assessment areas. Within this evaluation period, of the institution's 111 total branch offices, three (2.7%) are located in low-income areas and 21 (18.9%) are located in moderate-income areas. Alternative delivery systems provide access to banking services through online and mobile banking, 24-hour ATM access, bank-by-mail and bank-by-phone services, and cash management programs for small businesses. Branch openings and closings since the previous evaluation have not adversely affected low- and moderate-income areas. Additionally, business hours and services are considered convenient across geographies of different income levels within the assessment areas.

The bank provides a relatively high level of community development services by assisting local organizations that support affordable housing, community services, and economic development initiatives. The following services are provided institution-wide and impact all assessment areas:

- Housing Virginia – An employee serves as a board member for the non-profit organization. Housing Virginia addresses affordable housing concerns and issues within the Commonwealth of Virginia. The organization is a statewide partnership of public and private organizations committed to individuals. Housing Virginia's mission is to provide individuals access to quality affordable housing in suitable locations.
- Virginia Council on Economic Education (VCEE) – An employee is a board member for VCEE. The primary resource for the Commonwealth's Kindergarten through 12th grade teachers and school divisions seeking training and classroom resources for economic and financial education, at little or no cost.
- Virginia Impact Investment Forum – An employee is on the advisory committee for the Virginia Impact Investment Forum. The organization connects low-income providers with funding for their services provided to low- and moderate-income individuals.

Activities at the assessment area levels are discussed within the corresponding sections of this evaluation.

ASSESSMENT AREA DELINEATIONS

A review of the bank's assessment areas during the evaluation found that its delineations complied with the requirements of Regulation BB. To the extent that the bank delineated less than a whole MSA or other political subdivision within an assessment area, the delineated area contained whole geographies, did not reflect illegal discrimination (e.g. through the exclusion of majority-minority census tracts), and did not arbitrarily exclude low- or moderate-income census tracts.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN RICHMOND, VA ASSESSMENT AREA

This assessment area consists of the City of Richmond, seven surrounding counties, and two cities, and is a part of the Richmond, VA MSA. The bank currently operates 30 branch offices in the assessment area, of which one new branch office was opened. The Bank closed, consolidated, or relocated 29 branch offices since the previous evaluation; however, it did not affect the bank's assessment area. The composition of Union's assessment areas is fully detailed in Appendix D.

As of June 30, 2017, Union ranked 6th out of 31 financial institutions in deposit market share with 2% of the assessment area's available Federal Deposit Insurance Corporation (FDIC) insured deposits (credit unions are not included).

According to ACS data from 2010, the assessment area contains 246 census tracts, of which 22 are low-income, 58 are moderate-income, 85 are middle-income, 80 are upper-income, and one has an unknown income designation. The assessment area has a population of approximately 1 million and a median housing value of \$232,537. The assessment area's owner-occupancy rate (62.6%) is similar to the rate for the Commonwealth of Virginia (61.8%) and that of the entire MSA (62.5%), while the area's family poverty rate (7.4%) also mirrors the rate for the Commonwealth of Virginia (7.2%) and the entire MSA (7.5%).

The 2015, 2016, and 2017 median family income is \$77,600, \$72,400, and \$78,700, respectively, for the Richmond, VA MSA.

The following table provides pertinent demographic data for the assessment area based on the 2010 ACS data:

Assessment Area Demographics

Richmond, VA <i>(Based on 2010 ACS Data and 2016 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	22	8.9	15,539	6.1	5,791	37.3	49,824	19.6
Moderate	58	23.6	46,953	18.4	5,555	11.8	44,275	17.4
Middle	85	34.6	93,189	36.6	5,218	5.6	53,662	21.1
Upper	80	32.5	98,853	38.9	2,310	2.3	106,773	41.9
NA	1	0.4	0	0.0	0	0.0		
Total	246	100.0	254,534	100.0	18,874	7.4	254,534	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	9,000	3.4	27,069	7.0	9,371	34.6	84,041	21.8
Moderate	40,959	15.5	82,128	21.3	11,169	13.6	64,956	16.8
Middle	101,355	38.4	140,043	36.3	11,503	8.2	72,479	18.8
Upper	112,479	42.7	137,023	35.4	6,267	4.6	164,787	42.6
NA	0	0.0	0	0.0	0	0.0		
Total	263,793	100.0	386,263	100.0	38,310	9.9	386,263	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	2,320	4.6	1,912	4.2	390	9.5	18	4.3
Moderate	9,325	18.5	8,286	18.1	904	21.9	135	32.0
Middle	17,675	35.1	16,087	35.1	1,484	36.0	104	24.6
Upper	20,955	41.6	19,461	42.5	1,332	32.3	162	38.4
NA	40	0.2	21	0.1	16	0.3	3	0.7
Total	50,315	100.0	45,767	100.0	4,126	100.0	422	100.0
Percentage of Total Businesses:				91.0		8.2		0.8

*NA-Tracts without household or family income as applicable

Following the most recent update to the ACS data, the income level designation of certain tracts within the assessment area changed from 2016 to 2017. In addition to the change in census tract designations, the total number of families, number of households, and the number of low- and moderate-income households increased in the assessment area.

According to ACS data from 2015, the assessment area contains 257 census tracts, of which 34 are low-income, 58 are moderate-income, 90 are middle-income, 72 are upper-income, and three have unknown-incomes. The assessment area has a population of approximately 1.1 million and a median housing value of \$214,877. The assessment area's owner-occupancy rate (59%) is similar to the rate for the

Commonwealth of Virginia (59.2%) and that of the entire MSA (60%), while the area's family poverty rate (8.8%) also mirrors the rate for the Commonwealth of Virginia (8.2%) and the entire MSA (8.8%). The higher poverty rate is driven by the cities of Richmond (19.3%) and Petersburg (23.6%), which are higher than the statewide average.

The following table provides pertinent demographic data for the assessment area based on 2015 ACS data.

Assessment Area Demographics

Richmond, VA <i>(Based on 2015 ACS Data and 2016 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	34	13.2	21,677	8.2	7,457	34.4	55,276	20.9
Moderate	58	22.6	48,169	18.3	6,537	13.6	46,641	17.7
Middle	90	35.0	104,551	39.6	7,163	6.9	52,700	20.0
Upper	72	28.0	88,921	33.7	1,984	2.2	109,283	41.4
NA	3	1.2	582	0.2	136	23.4		
Total	257	100.0	263,900	100.0	23,277	8.8	263,900	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	12,884	4.8	39,744	9.6	13,660	34.4	96,040	23.2
Moderate	42,744	16.0	86,564	21.0	14,130	16.3	68,925	16.7
Middle	111,787	41.9	157,177	38.0	13,902	8.8	74,828	18.1
Upper	98,910	37.1	128,347	31.1	6,487	5.1	173,377	42.0
NA	522	0.2	1,338	0.3	443	33.1		
Total	266,847	100.0	413,170	100.0	48,622	11.8	413,170	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	3,090	6.0	2,699	5.8	367	8.7	24	5.6
Moderate	10,265	19.9	9,103	19.4	1,034	24.5	128	29.8
Middle	18,703	36.3	17,099	36.4	1,483	35.1	121	28.2
Upper	19,288	37.3	17,826	38.0	1,310	31.0	152	35.5
NA	237	0.5	202	0.4	31	0.7	4	0.9
Total	51,583	100.0	46,929	100.0	4,225	100.0	429	100.0
Percentage of Total Businesses:				91.0		8.2		0.8

*NA-Tracts without household or family income as applicable

The Richmond, VA assessment area is located in the central portion of the Commonwealth of Virginia. The local economy benefits from a diverse mixture of local industries. Residents commute throughout the area for employment in the manufacturing, service, tourism, chemical, insurance, pharmaceutical, banking, and the medical industries. Richmond is the capital of the Commonwealth of Virginia, and many employment opportunities are available within the state government as well as local and federal governments. Recent and historical unemployment rates since the previous evaluation are included in the following table.

Geographic Area	April 2015	April 2016	April 2017	April 2018
Caroline County, VA	4.9%	4.2%	4%	3.4%
Charles City County, VA	5.2%	4.2%	4.4%	3.9%
Chesterfield County, VA	4.1%	3.5%	3.4%	2.8%
Colonial Heights City, VA	4.5%	4.2%	4.1%	3.1%
Hanover County, VA	3.7%	3.2%	3.1%	2.4%
Henrico, County VA	4.2%	3.6%	3.5%	2.8%
King William County, VA	4%	3.5%	3.1%	2.6%
New Kent County, VA	3.7%	3%	3%	2.7%
Petersburg City, VA	8.9%	7.9%	7.2%	6%
Richmond City, VA	5%	4.3%	4.1%	3.4%
Richmond, VA MSA	4.5%	3.8%	3.7%	3%
Commonwealth of Virginia	4.3%	3.7%	3.5%	2.8%

As reflected in the table above, area unemployment rates have been relatively stable since the previous evaluation. For many jurisdictions in the assessment area, the unemployment rate is slightly lower or equal to the Commonwealth, reflecting a high level of job opportunities in the area.

A local affordable housing official was contacted recently to discuss area housing conditions and credit needs of the community. The contact stated that the demand for affordable housing remains high, while the quality of housing in the Richmond area has improved over the past few years. In addition, the contact stated there is a high demand for down payment assistance and first time homeownership counseling seminars throughout the area. The contact mentioned that the general banking needs are being met by the local financial institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE IN THE RICHMOND, VA ASSESSMENT AREA

During 2015, 2016 and 2017, Union originated \$153.7 million in HMDA and \$330.2 million in small business loans within this assessment area. Accordingly, small business lending performance is given more weight than HMDA lending performance when evaluating overall lending performance. The relative strength of performance for each product type is also considered.

LENDING TEST

The institution's lending performance in this assessment area is rated good based on the evaluation of lending activity, geographic and borrower distribution performance, and the level of community development lending, while taking into account the bank's market strategy, area demographic data, and aggregate HMDA and small business loan data.

Lending Activity:

Union's lending activity is considered good relative to its capacity to lend and economic conditions within the bank's assessment area. Lending activity in this assessment area, as measured by number (28.3%) and dollar volume (31.5%), is similar to the percentage of bank deposits (29.9%). While lending by dollar volume is higher than the percentage of branch offices (27%), the 30 offices in this assessment area account for a relatively large portion of the bank's total deposits.

The bank's market share of HMDA and CRA lending in this assessment area has decreased since the previous evaluation. According to 2016 aggregate data, the institution ranked 39th of 534 reporters of mortgage lending with a .5% market share and ranked 11th of 114 reporters of small business loans with a 2.2% market share. All market share rankings consider originated and purchased loans.

Geographic Distribution:

Union's geographic distribution performance is considered excellent for both HMDA and small business lending.

Distribution of HMDA Loans by Income Level of Census Tract

Richmond, VA (2016)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
	(110)				Home Purchase (23,240)			
Low	11	10.0	2,598	8.9	584	2.5	76,724	1.4
Moderate	27	24.5	3,428	11.7	3,187	13.7	497,688	9.2
Middle	28	25.5	4,595	15.7	8,719	37.5	1,709,826	31.6
Upper	44	40.0	18,573	63.7	10,747	46.3	3,121,402	57.8
	(67)				Refinance (19,511)			
Low	5	7.5	899	3.2	349	1.8	45,859	1.1
Moderate	12	17.9	2,521	9.1	2,143	11.0	313,848	7.3
Middle	23	34.3	3,088	11.1	6,666	34.2	1,243,442	28.9
Upper	27	40.3	21,193	76.6	10,353	53.0	2,692,869	62.7
	(28)				Home Improvement (2,014)			
Low	2	7.1	190	11.3	63	3.1	3,404	1.5
Moderate	8	28.6	418	24.8	273	13.6	16,987	7.4
Middle	11	39.3	285	16.9	763	37.9	68,491	29.7
Upper	7	25.0	795	47.0	915	45.4	141,462	61.4
	(5)				Multi-Family (85)			
Low	0	0.0	0	0.0	14	16.5	123,631	26.7
Moderate	3	60.0	4,168	75.5	35	41.2	158,097	34.1
Middle	0	0.0	0	0.0	16	18.8	110,317	23.8
Upper	2	40.0	1,350	24.5	20	23.5	71,753	15.4
	HMDA Totals							
Low	18	8.6	3,687	5.8	1,010	2.3	249,618	2.4
Moderate	50	23.8	10,535	16.4	5,638	12.6	986,620	9.5
Middle	62	29.5	7,968	12.4	16,164	36.0	3,132,076	30.1
Upper	80	38.1	41,911	65.4	22,035	49.1	6,027,486	58.0
NA*	0	0.0	0	0.0	3	0.0	572	0.0
Total	210	100.0	64,101	100.0	44,850	100.0	10,396,372	100.0

NA*-Tracts without household or family income as applicable

During 2016, home purchase and refinance lending represent the largest categories of HMDA lending for both the bank and aggregate lenders. When considering aggregate lending levels, the bank's home purchase and refinance lending are considered excellent. Home improvement and multi-family lending were given minimal weight when considering overall HMDA lending performance due to the small amount of loans extended by the bank in these categories.

On a combined basis, the bank's level of lending in low-income geographies (8.6%) was considerably higher than both the aggregate lending level (2.3%) as well as the proportion of owner-occupied housing units located in such areas (3.4%). Union's HMDA lending in moderate-income geographies (23.8%) is also much higher than both the aggregate lending level (12.6%) as well as the proportion of owner-occupied housing units located in such areas (15.5%). Overall, this level of lending is considered excellent. Union's performance during 2015 and 2017 is substantially similar.

Overall, the bank's HMDA lending performance is considered excellent based on upon the relative performance and dollar volume of lending each year.

Distribution of Small Business Loans by Income Level of Census Tract

Richmond, VA (2016)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	71	13.4	16,363	14.4	1,248	5.2	81,877	8.9
Moderate	102	19.3	15,795	13.9	3,762	15.6	156,546	16.9
Middle	170	32.1	35,421	31.1	7,830	32.4	281,672	30.4
Upper	186	35.2	46,252	40.6	11,313	46.7	402,085	43.5
NA*	0	0.0	0	0.0	16	0.1	2,883	0.3
Total	529	100.0	113,831	100.0	24,169	100.0	925,063	100.0

*NA-Tracts without household or family income as applicable

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

D&B data from 2016 indicates that 4.6% and 18.5% of all area businesses are located in low- and moderate-income census tracts, respectively. Aggregate lenders during 2016 reported 5.2% and 5.6% of small business loans in low- and moderate-income tracts, respectively. When comparing the bank's lending performance (13.4% and 19.3%, respectively) in low- and moderate-income tracts with relevant demographic and contextual data, Union's level of small business lending is considered excellent. Union's performance during 2015 and 2017 is substantially similar.

Distribution by Borrower Income and Revenue Size of the Business:

Union's borrower distribution performance for HMDA lending is considered good while its small business lending within this assessment area is considered adequate. The overall level of lending is adequate when taking into consideration the strength of both the number and dollar volume of small business lending when compared to HMDA lending.

Distribution of HMDA Loans by Income Level of Borrower

Richmond, VA (2016)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
HMDA Totals								
Low	6	8.3	257	3.5	2,782	7.9	315,840	4.1
Moderate	15	20.8	790	10.9	7,272	20.7	1,115,025	14.4
Middle	14	19.4	1,388	19.2	8,763	24.9	1,689,943	21.8
Upper	37	51.5	4,810	66.4	16,349	46.5	4,637,850	59.7
Total	72	100.0	7,245	100.0	35,166	100.0	7,758,658	100.0
Unknown	138		56,856		9,684		2,637,714	

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

The bank's 2016 HMDA lending to low-income borrowers (8.3%) exceeds the percentage of aggregate lending (7.9%), but lags the percentage of low-income families residing in the assessment area (19.6%). The bank's level of lending to moderate-income borrowers (20.8%) is similar to the aggregate lending level (20.7%) and exceeds the percentage of moderate-income families in the assessment area (17.4%). On a combined basis, this level of performance is considered good. Union's performance during 2015 and 2017 is similar.

Distribution of Lending by Loan Amount and Size of Business

Richmond, VA (2016)								
by Revenue	Bank				Aggregate*			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
\$1 Million or Less	252	47.6	50,333	44.2	11,573	47.1	338,269	36.2
Over \$1 Million	199	37.6	52,593	46.2	NA	NA	NA	NA
Unknown	78	14.8	10,905	9.6	NA	NA	NA	NA
by Loan Size								
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
\$100,000 or less	280	52.9	12,561	11.0	23,057	93.8	357,332	38.2
\$100,001-\$250,000	102	19.3	18,713	16.4	721	2.9	126,439	13.5
\$250,001-\$1 Million	147	27.8	82,557	72.6	812	3.3	451,845	48.3
Total	529	100.0	113,831	100.0	24,590	100.0	935,616	100.0

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

D&B data from 2016 indicates that 91% of all local businesses have revenues of \$1 million or less per year, and aggregate lending data from 2016 indicates that 47.1% of reported small business loans were made to businesses having annual revenues of \$1 million or less. The remaining portion of loans were made to businesses that either had revenues greater than \$1 million or had unknown revenues. As part of performance context, aggregate lending data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 56% were made to businesses having annual revenues of \$1 million or less. With 47.6% of its small business loans made to businesses with annual revenues of \$1 million or less, the bank's level of lending in 2016 is considered adequate, and its performance in 2015 is similar.

During 2017, the bank originated 491 small business loans totaling approximately \$109 million, and 54.4% of Union's small business loans made to businesses with annual revenues of \$1 million or less. The remaining aggregate small business loans originated by traditional bank lenders after excluding certain specialty lenders equaled 57.5%. Union's level of lending in 2017 is considered good.

Overall, the small business lending is considered adequate based upon the relative performance and dollar volume of lending each year.

Community Development Lending:

During the evaluation period, Union originated seven community development loans totaling \$38.5 million within the assessment area. The loans were to organizations that provide affordable housing primarily to low- and moderate-income residents. Union makes a relatively high level of qualified community development loans, when considering the bank's capacity and available opportunities.

INVESTMENT TEST

The institution's level of qualified investments benefiting this assessment area is good. In addition to the previously described investments benefiting regional or statewide areas that include its assessment areas, the bank has allocated \$1.7 million in qualified investments that directly benefit the Richmond, VA assessment area, including:

- \$1.5 million in an economic development equity fund. Dogwood Equity Fund, LLC provides economic development in low- and moderate-income neighborhoods. The fund is a part of the Virginia Community Development Corporation (VCDC) which supports affordable housing projects in this assessment area.
- \$142,800 in a certificate of deposit issued by Community Capital Bank of Virginia (CCB), a subsidiary of non-profit holding company, Virginia Community Capital. CCB is a non-profit CDFI that provides loans and investments for affordable housing and economic development projects. Specifically, this certificate of deposit supports community development lending activities throughout Richmond, VA.
- \$26,000 in Virginia Capital, LLC. The fund, which is managed by Virginia Capital, operates as a licensed SBIC. SBICs are privately owned investment firms that are licensed and regulated by the Small Business Administration and provide venture capital to small businesses that facilitate community development. The fund's market area comprises the Richmond, VA assessment area.

Furthermore, the bank made \$62,000 in charitable contributions during the review period to organizations that provide community development services benefiting this assessment area.

SERVICE TEST

Union's performance under the service test in this assessment area is rated good. Systems for delivering retail banking services are accessible to all portions of the assessment area, including low and moderate-income areas. In addition, bank employees provide a relatively high level of community development services.

Retail Services:

Delivery systems and branch locations are accessible to geographies and individuals of different income levels within the assessment area. As previously noted, alternative delivery systems are available through 24-hour ATM access, online and mobile banking, bank-by-mail, and bank-by-phone services that are offered by the institution.

The institution operates 30 branch offices within the assessment area. Of this total, one (3.3%) is located in a low-income census tract and four (13.3%) are located in moderate-income census tracts. The distribution is adequate when considering 9.6% and 21% of the assessment area's households reside in low- and moderate-income areas, respectively.

As previously noted, since the previous CRA evaluation in January 2015, Union has opened one new branch office located in a moderate-income census tract in August 14, 2017. The bank closed 11 branches, of which, three were located in moderate-income tracts, while the others were in middle- or upper-income census tracts. The remaining branching activity occurred from the bank closing and relocating branches that were located inside of retail grocery stores that closed throughout the

assessment area. Of the branches that were closed and relocated, one was located in a low-income census tract and one was located in a moderate-income census tract. The remaining relocated branches were located in middle- and upper-income census tracts.

The bank posted and mailed appropriate customer notices and notified all state and federal agencies in accordance with regulatory requirements. No public comments were received as a result of the branch closings. The bank did not change the delineation of its assessment area as a result of the branch openings or closings. Union's record of closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or individuals.

Bank services and hours do not vary in a way that inconveniences low- and moderate-income individuals or areas within the assessment area. Branch offices are generally open from 9:00 a.m. until 5:00 p.m. Monday through Thursday, until 6:00 p.m. on Friday, and from 9:00 a.m. until noon on Saturday. Products and services do not vary significantly among branch locations or markets.

Community Development Services:

Union employees provide a relatively high level of community development services in the Richmond, VA assessment area. In addition to the previously described services that benefit all of Union's assessment areas, several bank officers and employees served on the board of directors, assisted with fundraising, or otherwise provided financial expertise to local organizations that promote affordable housing, provide community services to low- and moderate-income individuals or areas, or facilitated economic development within the assessment area. Organizations benefitting from qualified service activities during the review period include but are not limited to the following:

Affordable Housing/Homeownership:

- Hanover Habitat for Humanity
- Project Homes

Community Services to Low- and Moderate-Individuals or Areas:

- Circle Center Adult Day Services
- Family Lifeline
- Hanover Safe Place
- Henrico CASA
- United Way Richmond
- United Way Women's Leadership Council
- Western Hanover Emergency Action Team
- YMCA of Greater Richmond

Economic Development:

- Chamber RVA

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WASHINGTON-BALTIMORE- ARLINGTON, VA ASSESSMENT AREA

Union's assessment area is located within the Washington-Baltimore-Northern Virginia, DC-MD-VA-WV combined statistical area (CSA) and includes two partial metropolitan statistical areas (MSA): the Baltimore-Columbia-Towson, MD MSA and the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA. The Washington-Arlington-Alexandria, DC-VA-MD-WV MSA is comprised of two metropolitan divisions; the bank takes a portion of the Washington-Arlington-Alexandria, DC-VA-MD-WV metropolitan division. In addition, this assessment area includes a portion of the Winchester, VA-WV MSA. The composition of Union's assessment area is fully detailed in Appendix D.

The bank operates 20 full service branches within this assessment area. As of June 2017, Union ranked 10th out of 54 financial institutions in deposit market share with 1.7% of the assessment area's available FDIC insured deposits (credit unions are not included).

According to ACS data from 2015, the assessment area contains 543 census tracts, of which 14 are low-income, 95 are moderate-income, 223 are middle-income, 205 are upper-income, and six have an unknown income designation. The assessment area has a population of approximately 2.4 million and a median housing value of \$430,987. The owner-occupancy rate for the assessment area (68.7%) exceeds the owner-occupancy rate for the Commonwealth of Virginia (61.8%), the Washington-Arlington-Alexandria, DC-VA-MD-WV metropolitan division (59.6%), and the Winchester MSA (61.6%). The area's family poverty rate (3.8%) is lower than the rates for the Commonwealth of Virginia (7.2%), the Washington-Arlington-Alexandria, DC-VA-MD-WV metropolitan division (5.2%), and the Winchester MSA (7.3%). Median family incomes for the MSA/metropolitan divisions that comprise the assessment area are detailed in the table below.

Median Family Income by MSA/MD	2015	2016	2017
Washington-Arlington-Alexandria, DC-VA-MD-WV metropolitan division	\$109,400	\$105,700	\$107,600
Winchester, VA-WV MSA	\$75,900	\$73,800	\$68,100

The following table provides pertinent demographic data for the assessment area based on the 2010 ACS data:

Assessment Area Demographics

Washington-Baltimore-Arlington, VA (Based on 2010 ACS Data and 2016 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	14	2.6	13,533	2.3	2,170	16.0	100,529	16.9
Moderate	95	17.5	104,109	17.5	7,681	7.4	97,216	16.3
Middle	223	41.1	241,084	40.5	8,197	3.4	127,066	21.4
Upper	205	37.8	236,280	39.7	4,509	1.9	270,260	45.4
NA	6	1.0	65	0.0	65	100.0		
Total	543	100.0	595,071	100.0	22,622	3.8	595,071	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	8,022	1.3	23,279	2.8	3,714	16.0	137,414	16.7
Moderate	90,868	15.0	153,171	18.6	13,689	8.9	126,068	15.3
Middle	250,787	41.3	346,630	42.2	15,391	4.4	157,405	19.2
Upper	257,015	42.4	298,155	36.4	8,761	2.9	400,496	48.8
NA	32	0.0	148	0.0	116	78.4		
Total	606,724	100.0	821,383	100.0	41,671	5.1	821,383	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	2,625	2.0	2,364	2.0	241	2.2	20	2.2
Moderate	19,335	14.8	17,730	14.9	1,461	13.4	144	16.1
Middle	52,623	40.3	47,086	39.6	5,217	47.9	320	35.8
Upper	55,972	42.8	51,644	43.4	3,922	36.0	406	45.5
NA	182	0.1	121	0.1	57	0.5	4	0.4
Total	130,737	100.0	118,945	100.0	10,898	100.0	894	100.0
Percentage of Total Businesses:				91.0		8.3		0.7

*NA-Tracts without household or family income as applicable

Following the most recent update to the ACS data, the income level designation of certain census tracts within the assessment area changed from 2016 to 2017. In addition to the change in census tract designations, the total number of families, number of households, and the number of low- and moderate-income households increased in the assessment area.

According to ACS data from 2015, the assessment area contains 578 census tracts, of which 19 are low-income, 105 are moderate-income, 220 are middle-income, 227 are upper-income, and seven have an unknown income designation. The assessment area has a population of approximately 2.7 million and a median housing value of \$398,382. The owner-occupancy rate for the assessment area (64.8%) exceeds the owner-occupancy rates for the Commonwealth of Virginia (59.2%), the Washington-Arlington-Alexandria, DC-VA-MD-WV metropolitan division (57.8%), and the Winchester MSA (57.6%). The

area's family poverty rate (4.4%) is lower than the rates for the Commonwealth of Virginia (8.2%), the Washington-Arlington-Alexandria, DC-VA-MD-WV metropolitan division (6.1%), and the Winchester MSA (6.8%). The following table provides pertinent demographic data for the assessment area based on the 2015 ACS data:

Assessment Area Demographics

Washington-Baltimore-Arlington, VA (Based on 2015 ACS Data and 2016 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	19	3.3	21,348	3.2	3,555	16.7	124,907	18.6
Moderate	105	18.2	124,420	18.5	10,279	8.3	106,444	15.8
Middle	220	38.1	249,332	37.1	10,900	4.4	138,706	20.6
Upper	227	39.2	277,454	41.2	4,901	1.8	302,509	45.0
NA	7	1.2	12	0.0	0	0.0		
Total	578	100.0	672,566	100.0	29,635	4.4	672,566	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	7,717	1.2	35,117	3.8	5,656	16.1	173,632	18.6
Moderate	99,621	15.5	186,297	19.9	17,757	9.5	144,611	15.5
Middle	240,906	37.6	357,385	38.2	20,132	5.6	176,293	18.9
Upper	292,582	45.7	355,515	38.1	10,796	3.0	439,831	47.0
NA	25	0.0	53	0.0	4	7.5		
Total	640,851	100.0	934,367	100.0	54,345	5.8	934,367	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	3,215	2.3	2,949	2.3	245	2.1	21	2.2
Moderate	21,307	15.4	19,415	15.4	1,734	14.5	158	16.6
Middle	50,887	36.7	45,350	36.1	5,216	43.7	321	33.8
Upper	63,019	45.4	57,905	46.1	4,671	39.1	443	46.6
NA	247	0.2	168	0.1	71	0.6	8	0.8
Total	138,675	100.0	125,787	100.0	11,937	100.0	951	100.0
Percentage of Total Businesses:				90.7		8.6		0.7

*NA-Tracts without household or family income as applicable

The local economy continues to thrive due to its diverse labor market, decreasing unemployment rates, and strong housing prices. The largest employers in the area are the federal and local governments. In addition, information security, cyber security, professional services, post-secondary education, retail trade, and accommodation services are top employment opportunities. The following table reflects the periodic and recent unemployment rates since the previous evaluation.

Geographic Area	April 2015	April 2016	April 2017	April 2018
Alexandria City, VA	3.2%	2.7%	2.7%	2.2%
Culpeper County, VA	4.2%	3.5%	3.2%	2.7%
Fairfax City, VA	3.4%	2.6%	2.8%	2.2%
Fairfax County, VA	3.4%	2.9%	2.8%	2.3%
Falls Church City, VA	3%	2.4%	2.5%	2%
Fauquier County, VA	3.8%	3.1%	3%	2.4%
Frederick County, VA	3.9%	3.2%	3%	2.4%
Fredericksburg City, VA	5.3%	4.3%	4.1%	3.3%
Loudon County, VA	3.4%	2.8%	2.8%	2.3%
Manassas City, VA	4.1%	3.3%	3.2%	2.5%
Manassas Park City, VA	4.2%	3.3%	3.2%	2.5%
Prince William County, VA	4%	3.3%	3.2%	2.6%
Rappahannock County, VA	4.1%	3.1%	3.3%	2.4%
Spotsylvania County, VA	4.5%	3.7%	3.4%	2.9%
Stafford County, VA	4.3%	3.6%	3.3%	2.7%
Warren County, VA	4.6%	3.7%	3.4%	2.8%
Winchester City, VA	4.1%	3.6%	3.5%	2.6%
Washington-Baltimore-Arlington - DC-VA-MD-WV MSA	4.2%	3.5%	3.4%	3.1%
Commonwealth of Virginia	4.3%	3.7%	3.5%	2.8%

While unemployment rates across the assessment area varies across different counties and cities, the unemployment rates have been relatively stable across the assessment area since the previous evaluation. For many jurisdictions in the assessment area, the unemployment rate is slightly lower than or equal to the Commonwealth, indicating improving economic conditions.

A local economic development official was contacted recently to assist in evaluating the bank's CRA performance. The economic development official observed that businesses are moving into the area for the location and lower costs, as tax incentives play a large role in attracting top businesses to the area. As such, limited opportunities exist to assist in funding sources up front, but establishing relationships with newer businesses could result in future funding opportunities. Overall, local opportunities are reasonably available for community development lending and investments within the assessment area. Despite a competitive market, the bank faces no significant constraints in taking advantage of available community development opportunities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE WASHINGTON-BALTIMORE-ARLINGTON, VA ASSESSMENT AREA

During 2015, 2016 and 2017, Union originated \$114.7 million in HMDA and \$305.8 million in small business loans within this assessment area. Accordingly, small business lending performance is given more weight than HMDA lending performance when evaluating overall lending performance. The relative strength of performance for each product type is also considered.

LENDING TEST

The institution's lending performance in this assessment area is rated good. This conclusion is based on the evaluation of Union's lending activity, geographic and borrower distribution performance, and level of community development lending, taking into account the bank's market strategy, area demographic data, and aggregate HMDA and small business loan data.

Lending Activity:

Union's lending activity is considered good relative to its capacity to lend and economic conditions within the bank's assessment area. The bank's loan volume as measured by both number (24%) and dollar volume (27.5%), exceeds the percentage of branch offices (18%), but is similar to the percentage of deposits (21.9%) in the assessment area. Appendix C includes data about the distribution of lending, branches, and deposits by assessment area.

According to 2016 aggregate data, the institution ranked 119th of 660 reporters of mortgage lending with a .1% market share and ranked 15th of 155 reporters of small business loans with a .6% market share. All market share rankings consider originated and purchased loans.

Geographic Distribution:

Union's geographic distribution performance for both HMDA and small business loans is considered excellent.

Distribution of HMDA Loans by Income Level of Census Tract

Washington-Baltimore-Arlington, VA (2016)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
	(84) Home Purchase				(63,566)			
Low	2	2.4	298	1.5	847	1.3	222,593	0.9
Moderate	34	40.5	6,460	31.8	10,337	16.3	2,881,990	11.8
Middle	37	44.0	9,887	48.7	24,947	39.3	8,407,708	34.6
Upper	11	13.1	3,671	18.0	27,422	43.1	12,819,316	52.7
	(54) Refinance				(67,300)			
Low	2	3.7	1,623	10.0	682	1.0	174,072	0.7
Moderate	13	24.1	2,485	15.3	8,580	12.7	2,242,057	9.2
Middle	32	59.3	9,604	59.2	25,993	38.6	8,202,645	33.8
Upper	7	12.9	2,524	15.5	32,045	47.7	13,666,429	56.3
	(11) Home Improvement				(5,178)			
Low	0	0.0	0	0.0	63	1.2	6,039	0.7
Moderate	6	54.5	209	39.1	818	15.8	88,461	9.7
Middle	4	36.4	85	15.9	2,124	41.0	308,818	33.7
Upper	1	9.1	241	45.0	2,173	42.0	512,786	55.9
	(4) Multi-Family				(68)			
Low	0	0.0	0	0.0	4	5.9	38,852	3.6
Moderate	1	25.0	500	17.6	19	27.9	261,323	24.5
Middle	3	75.0	2,345	82.4	28	41.2	575,023	53.9
Upper	0	0.0	0	0.0	17	25.0	191,652	18.0
	HMDA Totals							
Low	4	2.6	1,921	4.8	1,596	1.2	441,556	0.9
Moderate	54	35.3	9,654	24.2	19,754	14.5	5,473,831	10.8
Middle	76	49.7	21,921	54.9	53,092	39.0	17,494,194	34.6
Upper	19	12.4	6,436	16.1	61,657	45.3	27,190,183	53.7
NA*	0	0.0	0	0.0	19	0.0	6,279	0.0
Total	153	100.0	39,932	100.0	136,118	100.0	50,606,043	100.0

NA*-Tracts without household or family income as applicable

Given the limited volume of home improvement and multi-family HMDA reportable transactions within the assessment area, these loan type categories were given less weight when considering the bank's overall performance. By product type, both the bank's home purchase and refinance performance is considered excellent.

As reflected in the preceding table, the bank's percentage of 2016 HMDA lending in low-income census tracts (2.6%) exceeds both the aggregate lending level (1.2%) and the percentage of owner-occupied housing units in those tracts (1.3%). Additionally, Union's lending in moderate-income tracts (35.3%) also substantially exceeds the aggregate lending level (14.5%) and the percentage of owner-occupied housing units located in those tracts (15%). On a combined basis, this level of lending is considered excellent.

Overall, the bank's HMDA lending performance is considered excellent, and its performance during 2015 and 2017 is similar.

Distribution of Small Business Loans by Income Level of Census Tract

Washington-Baltimore-Arlington, VA (2016)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
Low	20	4.3	5,890	5.5	1,459	2.0	49,322	2.0
Moderate	162	34.6	31,504	29.5	10,569	14.4	323,394	13.1
Middle	254	54.3	62,007	58.1	29,046	39.5	1,067,481	43.3
Upper	32	6.8	7,370	6.9	32,317	44.0	1,015,892	41.2
NA*	0	0.0	0	0.0	63	0.1	9,049	0.4
Total	468	100.0	106,771	100.0	73,454	100.0	2,465,138	100.0

*NA-Tracts without household or family income as applicable

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

The bank's percentage of 2016 small business lending in low-income census tracts exceeds the aggregate reporters' lending levels (2%) and the percentage of businesses located in such tracts (2%). Similarly, Union's level of lending in moderate-income census tracts (34.6%) exceeds aggregate lending (14.4%) and the percentage of businesses in such tracts (14.8%). Overall, the bank's small business lending performance during 2016 is considered excellent, and its performance during 2015 and 2017 is substantially similar.

Distribution by Borrower Income and Revenue Size of the Business:

Union's HMDA borrower distribution performance is considered excellent and its small business performance is considered adequate within the assessment area. When arriving at an overall conclusion, the performance is ultimately considered adequate. This conclusion is based on the bank's substantially larger total small business loan volume by number and dollar over the three year lending period when compared to its HMDA volume.

Distribution of HMDA Loans by Income Level of Borrower

Washington-Baltimore-Arlington, VA (2016)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
HMDA Totals								
Low	14	22.6	1,113	12.0	8,325	7.9	1,568,248	4.2
Moderate	10	16.1	1,365	14.7	20,577	19.6	5,291,048	14.1
Middle	9	14.5	1,421	15.3	28,214	26.9	9,269,725	24.7
Upper	29	46.8	5,391	58.0	47,750	45.6	21,362,321	57.0
Total	62	100.0	9,290	100.0	104,866	100.0	37,491,342	100.0
Unknown	91		30,642		31,252		13,114,701	

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

During 2016, the bank's HMDA lending to low-income borrowers (22.6%) significantly exceeds the percentage of aggregate lending (7.9%) to such borrowers and the percentage of low-income families residing in the assessment area (16.9%). The bank's level of lending to moderate-income borrowers (16.1%) slightly lags aggregate lending (19.6%) to such borrowers; although, it is similar to the percentage of moderate-income families in the assessment area (16.3 %). Overall, the bank's HMDA lending performance during 2016 is considered excellent, and its performance during 2015 and 2017 is similar.

Distribution of Lending by Loan Amount and Size of Business

Washington-Baltimore-Arlington, VA (2016)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	208	44.4	51,281	48.0	36,147	48.6	851,010	34.2
Over \$1 Million	194	41.5	49,109	46.0	NA	NA	NA	NA
Unknown	66	14.1	6,381	6.0	NA	NA	NA	NA
by Loan Size								
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$100,000 or less	227	48.5	10,767	10.1	70,569	94.8	1,042,467	42.0
\$100,001-\$250,000	102	21.8	17,778	16.7	1,790	2.4	313,588	12.6
\$250,001-\$1 Million	139	29.7	78,226	73.2	2,066	2.8	1,128,851	45.4
Total	468	100.0	106,771	100.0	74,425	100.0	2,484,906	100.0

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

D&B data from 2016 indicates that 91% of all local businesses have revenues of \$1 million or less per year. Aggregate lending data from 2016 indicates that 48.6% of reported small business loans were made to businesses having annual revenues of \$1 million or less. The remaining portion of loans were made to businesses that either had revenues greater than \$1 million or had unknown revenues. As part of performance context, aggregate lending data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 54% were made to businesses having annual revenues of \$1 million or less. With 44.4% of its small business loans made to businesses with annual revenues of \$1 million or less, the bank's level of lending in 2016 is considered adequate. Small business lending during 2015 and 2017 is similar.

Community Development Lending:

During the evaluation period, within this assessment area, the bank originated one loan totaling \$1 million that benefited the assessment area. The entity is a community service entity that provides services to low- and moderate-income individuals within the assessment area. Overall, this level of community development lending is considered adequate.

INVESTMENT TEST

Union's investment test performance in the Washington-Baltimore-Arlington, VA assessment area is good. In addition to the previously described investments that benefit regional or statewide areas, including this assessment area, the bank has \$3.5 million in qualified investments that directly benefit this assessment area. Specifically, this investment includes five loan pools of mortgage-backed securities that contain 15 loans. These mortgage-backed securities help finance affordable housing, including 1-4 family and multifamily, for low- and moderate-income residents.

The bank provided \$45,120 in charitable contributions to organizations that facilitate affordable housing, community development services, small business development, job creation, or the revitalization of low- or moderate-income areas within the assessment area.

SERVICE TEST

Union's service test performance in the Washington-Baltimore-Arlington, VA assessment area is good. Systems for delivering retail banking services are accessible to all portions of the assessment area, including low- and moderate-income areas. Additionally, bank employees provide an adequate level of community development services.

Retail Services:

Delivery systems and branch locations are accessible to individuals and geographies of different income levels within the assessment area. As previously noted, alternative delivery systems are available through 24-hour ATM access, online and mobile banking, bank-by-mail, and bank-by-phone services that are offered by the institution.

The institution operates 20 branch offices within this assessment area. Of this total, one branch (5%) is located in low-income census tracts and eight (40%) are located in moderate-income tracts. The distribution is considered good when considering 3.8% and 19.9% of the assessment area's households reside in low- and moderate-income areas, respectively.

Union has opened one new branch office located in a middle-income census tract on April 18, 2016. The bank has closed six branches, of which four were in moderate-income tracts, while the remaining one was in a middle-income tract and the other in an upper-income tract. Three of the six branches were located in retail grocery stores that closed throughout the assessment area.

The bank posted and mailed appropriate customer notices and notified all state and federal agencies in accordance with regulatory requirements. No public comments were received as a result of the branch opening or closings. The bank did not change the delineation of its assessment area as a result of the branch closings. Union's record of closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or individuals.

Branch offices are generally open from 9:00 a.m. until 5:00 p.m. Monday through Thursday, until 6:00 p.m. on Friday, and from 9:00 a.m. until noon on Saturday. Products and services do not vary significantly among branch locations or markets. Overall, business hours and services are considered convenient across geographies of different income levels within the assessment area.

Community Development Services:

Union's employees participate in an adequate level of community development service activities in this assessment area. In addition to the previously described services that benefit all of Union's assessment areas, several bank officers and employees served on the board of directors, assisted with fundraising, or otherwise provided financial expertise to local organizations that promote affordable housing, provide community services to low- and moderate-income individuals or areas, or facilitate economic development within the assessment area. Organizations benefiting from qualified service activities during the review period include but are not limited to the following:

Affordable Housing/Homeownership:

- Greater Fredericksburg Habitat for Humanity
- Fauquier Habitat for Humanity

Community Services to Low- and Moderate-Individuals or Areas

- Fredericksburg Food Bank
- United Way
- Rappahannock Big Brothers & Big Sisters

Economic Development:

- Open Hand of Fredericksburg

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN METROPOLITAN AREAS

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Facts and data reviewed for each assessment area, including performance and demographic information, can be found in **APPENDIX B** of this evaluation. Conclusions regarding performance, which did not impact the institution's overall rating, are included in the following tables. For each test, the conclusion conveys whether performance in an assessment area was generally below, consistent with, or exceeded the institution's statewide ratings. In the case where the performance was considered below, the performance was at least adequate for the assessment area.

Assessment Area	Lending Test	Investment Test	Service Test
Blacksburg-Christiansburg-Radford, VA MSA	Consistent	Consistent	Consistent
Charlottesville, VA	Consistent	Consistent	Consistent
Harrisonburg, VA MSA	Below	Consistent	Consistent
Lynchburg, VA MSA	Consistent	Consistent	Consistent
Roanoke, VA MSA	Consistent	Consistent	Consistent
Staunton-Waynesboro, VA MSA	Consistent	Consistent	Consistent
Virginia Beach-Norfolk-Newport News, VA	Consistent	Consistent	Consistent

NONMETROPOLITAN STATEWIDE AREA

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NONMETROPOLITAN STATEWIDE AREA

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Facts and data reviewed for each assessment area, including performance and demographic information, can be found in **APPENDIX B** of this evaluation. Conclusions regarding performance, which did not impact the institution's overall rating, are included in the following tables. For each test, the conclusion conveys whether performance in an assessment area was generally below, consistent with, or exceeded the institution's statewide ratings. In the case where the performance was considered below, the performance was at least adequate for the assessment area.

Assessment Area	Lending Test	Investment Test	Service Test
Covington-Buena Vista, VA NonMSA	Consistent	Consistent	Consistent
Essex, VA NonMSA	Consistent	Consistent	Consistent
Orange, VA NonMSA	Exceed	Consistent	Consistent
Wythe, VA NonMSA	Below	Consistent	Consistent

CRA APPENDIX A
SCOPE OF EXAMINATION

LIST OF ASSESSEMENT AREA AND TYPE OF EXAMINATION		
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED
Richmond, VA	Full Scope	7349 Ladysmith Road Ruther Glen, VA 22546
Washington-Baltimore-Arlington, VA	Full Scope	10131 Jefferson Davis Hwy Fredericksburg, VA 22407
Blacksburg-Christiansburg-Radford, VA MSA	Limited Scope	None
Charlottesville, VA	Limited Scope	None
Covington-Buena Vista, VA NonMSA	Limited Scope	None
Essex, VA NonMSA	Limited Scope	None
Harrisonburg, VA MSA	Limited Scope	None
Orange, VA NonMSA	Limited Scope	None
Roanoke, VA MSA	Limited Scope	None
Staunton-Waynesboro, VA MSA	Limited Scope	None
Virginia Beach-Norfolk-Newport News, VA	Limited Scope	None
Wythe, VA NonMSA	Limited Scope	None

CRA APPENDIX B
LIMITED REVIEW TABLES

Blacksburg-Christiansburg-Radford, VA MSA

This assessment area includes Floyd, Giles, Montgomery, and Pulaski Counties and the City of Radford, Virginia, in their entirety. The bank has a small presence in this area, operating nine branches that account for 9.6% of its total deposit volume.

Performance Test Data for Blacksburg-Christiansburg-Radford, VA MSA Assessment Area

LENDING TEST

Limited Review Lending Table

Blacksburg-Christiansburg-Radford, VA MSA (2016)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(18)				(32)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	16.7	16.5	18.5	4	12.5	21.0	18.5
Middle	5	27.8	51.1	60.6	25	78.1	62.4	60.6
Upper	10	55.5	32.4	20.9	3	9.4	16.6	20.9
	Refinance				Multi-Family			
<i>Geographic</i>	(15)				(3)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	11.7	18.5	1	33.3	7.1	18.5
Middle	14	93.3	60.0	60.6	1	33.3	57.1	60.6
Upper	1	6.7	28.3	20.9	1	33.3	35.8	20.9
	HMDA Totals				Consumer			
<i>Geographic</i>	(68)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	8	11.8	15.1	18.5	NA	NA	NA	NA
Middle	45	66.2	55.3	60.6	NA	NA	NA	NA
Upper	15	22.0	29.6	20.9	NA	NA	NA	NA
<i>Borrower</i>	(43)				(NA)			
Low	11	25.6	5.8	21.6	NA	NA	NA	NA
Moderate	10	23.3	18.6	16.8	NA	NA	NA	NA
Middle	13	30.2	24.0	21.2	NA	NA	NA	NA
Upper	9	20.9	51.6	40.4	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(65)				(3)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	4.6	15.5	16.4	0	0.0	11.1	8.8
Middle	53	81.5	60.9	61.3	3	100.0	82.2	80.8
Upper	9	13.9	23.6	22.3	0	0.0	6.7	10.4
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	32	49.2	52.2	90.9	2	66.7	62.2	99.6

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

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

NA represents no activity in the income category

The bank's lending performance in this assessment area is considered high satisfactory overall. The small business borrower distribution performance is considered adequate, while the HMDA borrower distribution is excellent during 2016. The borrower distribution performance during 2015 and 2017 are substantially similar. HMDA geographic distribution performance is adequate during 2016 and 2017, while it is good for 2015. The geographic distribution performance for small business loans is considered poor during 2016 and 2017, while good for 2015.

During the review period, the bank made three community development loans totaling \$1.3 million to support the revitalization, stabilization, and economic development of low- and moderate-income areas within the assessment area. Overall, lending performance is consistent with the statewide rating.

INVESTMENT TEST

As detailed earlier in the evaluation, the bank has investments benefiting the statewide area that includes the bank's assessment areas.

Union also made \$15,000 in qualified donations within this assessment area. Overall, this level of investments is consistent with the statewide rating.

SERVICE TEST

Union operates nine branch offices in this assessment area; seven are located in middle-income census tracts and two in upper-income census tracts. No branch changes have occurred since the previous evaluation, and the products and services offered in this assessment area are substantially similar to those available in other markets where the bank operates. Specific to this assessment area, five employees participated in community development service activities benefiting local organizations that facilitate affordable housing, community services, economic development, or the revitalization of low- and moderate-income areas. Overall, service performance is consistent with the statewide rating.

Charlottesville, VA Assessment Area

This assessment area includes Albemarle, Fluvanna, and Nelson Counties and the City of Charlottesville, Virginia, in their entirety, which are a portion of the larger Charlottesville, VA MSA. The bank has a small presence in this area, operating eight branches that account for 7.3% of its total deposit volume.

Performance Test Data for Charlottesville, VA Assessment Area

LENDING TEST

Limited Review Lending Table

Charlottesville, VA (2016)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
Home Purchase					Home Improvement			
Geographic	(7)				(6)			
Low	0	0.0	1.1	0.6	0	0.0	1.2	0.6
Moderate	1	14.3	10.6	14.6	2	33.3	14.0	14.6
Middle	6	85.7	52.7	50.1	3	50.0	54.2	50.1
Upper	0	0.0	35.6	34.7	1	16.7	30.6	34.7
Refinance					Multi-Family			
Geographic	(10)				(1)			
Low	1	10.0	0.7	0.6	0	0.0	50.0	0.6
Moderate	2	20.0	10.6	14.6	0	0.0	0.0	14.6
Middle	5	50.0	53.9	50.1	1	100.0	37.5	50.1
Upper	2	20.0	34.8	34.7	0	0.0	12.5	34.7
HMDA Totals					Consumer			
Geographic	(24)				(NA)			
Low	1	4.2	1.0	0.6	NA	NA	NA	NA
Moderate	5	20.8	10.8	14.6	NA	NA	NA	NA
Middle	15	62.5	53.3	50.1	NA	NA	NA	NA
Upper	3	12.5	35.0	34.7	NA	NA	NA	NA
Borrower	(12)				(NA)			
Low	1	8.3	7.8	19.8	NA	NA	NA	NA
Moderate	4	33.3	17.8	16.5	NA	NA	NA	NA
Middle	3	25.0	23.8	21.4	NA	NA	NA	NA
Upper	4	33.3	50.6	42.4	NA	NA	NA	NA
Small Business					Small Farm			
Geographic	(83)				(0)			
Low	2	2.4	2.0	1.9	0	0.0	0.0	0.0
Moderate	6	7.2	9.7	10.8	0	0.0	24.2	25.5
Middle	37	44.6	48.2	48.1	0	0.0	46.8	44.4
Upper	38	45.8	40.1	38.9	0	0.0	29.0	30.1
Revenue								
Busn/ Farms with revenues <=\$1 M	31	37.3	46.6	91.6	0	0.0	53.1	98.0

Geographic () represents the total number of bank loans for the specific Loan Purpose where geography is known
 Borrower () represents the total number of bank loans for the specific Loan Purpose where income is known
 NA represents no activity in the income category

The bank's lending performance in this assessment area is considered high satisfactory overall. The small business borrower distribution performance is adequate during all three years, while the HMDA borrower distribution is excellent during 2016, good during 2015, and poor during 2017. HMDA geographic distribution performance is excellent during 2015 and 2016, and adequate during 2017, while small business geographic performance is good during all three years.

During the review period, the bank made one community development loan totaling \$1 million to support social services for low- and moderate-income areas within the assessment area. Overall, lending performance is consistent with the statewide rating.

INVESTMENT TEST

As detailed earlier in the evaluation, the bank has investments benefiting the statewide area that includes the bank's assessment areas. In addition to statewide investments, Union made \$36,000 in qualified donations within this assessment area. Overall, this level of investments is consistent with the statewide rating.

SERVICE TEST

Union operates eight branch offices in this assessment area, one located in a moderate-income census tract, three in middle-income census tracts, and four in an upper-income census tract. No branch changes have occurred since the previous evaluation, and the products and services offered in this assessment area are substantially similar to those available in other markets where the bank operates. Specific to this assessment area, two employees participated in community development service activities benefiting local organizations that facilitate affordable housing, community services, economic development, or the revitalization of low- and moderate-income areas. Overall, service performance is consistent with the statewide rating.

Harrisonburg, VA MSA

This assessment area includes Rockingham County and the City of Harrisonburg in their entirety. The bank has a relatively small presence in this area, operating three branches that account for 2% of its total deposit volume.

Performance Test Data for Harrisonburg, VA MSA Assessment Area

LENDING TEST

Limited Review Lending Table

Harrisonburg, VA MSA (2016)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
<i>Geographic</i>	Home Purchase				Home Improvement			
	(4)				(2)			
	Low	NA	NA	NA	NA	NA	NA	NA
	Moderate	0	0.0	6.8	1	50.0	8.1	8.5
	Middle	4	100.0	64.7	1	50.0	73.2	69.1
<i>Geographic</i>	Upper	0	0.0	28.5	0	0.0	18.7	22.4
	Refinance				Multi-Family			
	(11)				(1)			
	Low	NA	NA	NA	NA	NA	NA	NA
	Moderate	0	0.0	6.4	0	0.0	28.6	8.5
<i>Geographic</i>	Middle	7	63.6	67.6	1	100.0	57.1	69.1
	Upper	4	36.4	26.0	0	0.0	14.3	22.4
	HMDA Totals				Consumer			
	(18)				(NA)			
	Low	NA	NA	NA	NA	NA	NA	NA
<i>Borrower</i>	Moderate	1	5.6	6.8	NA	NA	NA	NA
	Middle	13	72.2	66.1	NA	NA	NA	NA
	Upper	4	22.2	27.2	NA	NA	NA	NA
	(9)				(NA)			
	Low	0	0.0	6.6	NA	NA	NA	NA
<i>Geographic</i>	Moderate	4	44.4	20.2	NA	NA	NA	NA
	Middle	1	11.1	26.0	NA	NA	NA	NA
	Upper	4	44.4	47.2	NA	NA	NA	NA
	Small Business				Small Farm			
	(49)				(1)			
<i>Revenue</i>	Low	NA	NA	NA	NA	NA	NA	NA
	Moderate	6	12.2	11.3	1	100.0	3.4	9.8
	Middle	36	73.5	65.6	0	0.0	79.6	76.5
	Upper	7	14.3	23.2	0	0.0	17.0	13.7
	Busn/ Farms with revenues <=\$1 M	23	46.9	42.8	0	0.0	78.2	98.5

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

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

NA represents no activity in the income category

The bank's lending performance in this assessment area is considered low satisfactory overall. The small business borrower distribution performance is adequate for 2016 and is substantially similar for 2015 and 2017. The HMDA borrower distribution is excellent during 2016, good during 2015, and poor during 2017. HMDA geographic distribution performance is poor for 2015, adequate for 2016, and excellent during 2017. The geographic distribution performance for small business loans is poor during 2015, adequate during 2017, and good during 2016.

During the review period, the bank did not make any community development loans within the assessment area. Overall, lending performance is below the statewide rating.

INVESTMENT TEST

As detailed earlier in the evaluation, the bank has investments benefiting the statewide area that includes the bank's assessment areas. In addition, Union has made approximately \$1,500 in qualified donations within this assessment area. Overall, this level of investments is consistent with the statewide rating.

SERVICE TEST

Union operates three branch offices in this assessment area, one located in a moderate-income census tract and two in middle-income census tracts. The bank closed one branch located in a moderate-income census tract. The products and services offered in this assessment area are substantially similar to those available in other markets where the bank operates. Specific to this assessment area, two employees participated in community development service activities benefiting local organizations that facilitate economic development of low- and moderate-income areas. Overall, service performance is consistent with the statewide rating.

Lynchburg, VA MSA

This assessment area includes Amherst, Bedford, and Campbell Counties and the Cities of Appomattox and Lynchburg, in their entirety. The bank has a relatively small presence in this area, operating four branches that account for 3% of its total deposit volume.

Performance Test Data for Lynchburg, VA MSA Assessment Area

LENDING TEST

Limited Review Lending Table

Lynchburg, VA MSA (2016)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
Home Purchase					Home Improvement			
Geographic	(6)				(10)			
Low	0	0.0	0.8	1.1	0	0.0	0.9	1.1
Moderate	1	16.7	13.7	14.7	0	0.0	15.2	14.7
Middle	3	50.0	59.9	65.2	6	60.0	66.5	65.2
Upper	2	33.3	25.6	19.0	4	40.0	17.4	19.0
Refinance					Multi-Family			
Geographic	(11)				(4)			
Low	0	0.0	0.4	1.1	0	0.0	17.9	1.1
Moderate	3	27.3	10.3	14.7	0	0.0	35.7	14.7
Middle	5	45.5	62.8	65.2	2	50.0	28.6	65.2
Upper	3	27.3	26.4	19.0	2	50.0	17.9	19.0
HMDA Totals					Consumer			
Geographic	(31)				(NA)			
Low	0	0.0	0.7	1.1	NA	NA	NA	NA
Moderate	4	12.9	12.7	14.7	NA	NA	NA	NA
Middle	16	51.6	61.2	65.2	NA	NA	NA	NA
Upper	11	35.5	25.4	19.0	NA	NA	NA	NA
Borrower	(20)				(NA)			
Low	2	10.0	9.1	20.4	NA	NA	NA	NA
Moderate	4	20.0	22.2	18.6	NA	NA	NA	NA
Middle	6	30.0	27.0	20.9	NA	NA	NA	NA
Upper	8	40.0	41.7	40.0	NA	NA	NA	NA
Small Business					Small Farm			
Geographic	(39)				(1)			
Low	1	2.6	4.8	5.2	0	0.0	0.0	0.0
Moderate	11	28.2	18.4	16.2	0	0.0	2.7	4.0
Middle	21	53.8	55.6	58.8	1	100.0	83.6	80.0
Upper	6	15.4	21.1	19.8	0	0.0	13.7	16.0
Revenue								
Busn/ Farms with revenues <=\$1 M	28	71.8	51.2	91.4	1	100.0	67.6	99.7

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

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

NA represents no activity in the income category

The bank's lending performance in this assessment area is considered high satisfactory overall. The small business borrower distribution performance is good for 2016 and is substantially similar for 2015 and 2017. The HMDA borrower distribution is good during 2016 and is substantially similar for 2015 and 2017. HMDA geographic distribution performance is good for 2016 and is considered excellent during 2015 and 2017. Small business geographic performance is excellent during 2016, considered good during 2015, and adequate during 2017.

During the review period, the bank did not make any community development loans within the assessment area. Overall, lending performance is consistent with the statewide rating.

INVESTMENT TEST

As detailed earlier in the evaluation, the bank has investments benefiting the statewide area that includes the bank's assessment areas. In addition, Union has made approximately \$1,500 in qualified donations within this assessment area. Overall, this level of investments is consistent with the statewide rating.

SERVICE TEST

Union operates four branch offices in this assessment area, one located in a moderate-income census tract, two in middle-income census tracts and one in upper-income census tract. No branch changes have occurred since the previous evaluation, and the products and services offered in this assessment area are substantially similar to those available in other markets where the bank operates. Overall, service performance is consistent with the statewide rating.

Roanoke, VA MSA

This assessment area includes Craig, Franklin, and Roanoke counties and the cities of Botetourt, Roanoke and Salem, in their entirety. The bank has a small presence in this area, operating eight branches that account for 6.3% of its total deposit volume.

Performance Test Data for Roanoke, VA MSA Assessment Area

LENDING TEST

Limited Review Lending Table

Roanoke, VA MSA (2016)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
Home Purchase					Home Improvement			
Geographic	(29)				(10)			
Low	0	0.0	1.5	1.9	0	0.0	2.3	1.9
Moderate	9	31.0	17.3	20.7	3	30.0	23.3	20.7
Middle	12	41.4	42.5	42.5	6	60.0	47.7	42.5
Upper	8	27.6	38.7	35.0	1	10.0	26.6	35.0
Refinance					Multi-Family			
Geographic	(23)				(8)			
Low	0	0.0	1.3	1.9	0	0.0	2.8	1.9
Moderate	4	17.4	16.4	20.7	1	12.5	16.7	20.7
Middle	12	52.2	42.7	42.5	6	75.0	50.0	42.5
Upper	7	30.4	39.5	35.0	1	12.5	30.6	35.0
HMDA Totals					Consumer			
Geographic	(70)				(NA)			
Low	0	0.0	1.5	1.9	NA	NA	NA	NA
Moderate	17	24.3	17.4	20.7	NA	NA	NA	NA
Middle	36	51.4	43.0	42.5	NA	NA	NA	NA
Upper	17	24.3	38.0	35.0	NA	NA	NA	NA
Borrower	(28)				(NA)			
Low	11	39.3	10.0	20.1	NA	NA	NA	NA
Moderate	4	14.3	23.6	18.3	NA	NA	NA	NA
Middle	8	28.6	24.2	21.7	NA	NA	NA	NA
Upper	5	17.9	42.1	39.9	NA	NA	NA	NA
Small Business					Small Farm			
Geographic	(140)				(0)			
Low	7	5.0	4.1	3.1	0	0.0	0.0	1.0
Moderate	30	21.4	21.5	21.2	0	0.0	28.0	22.6
Middle	60	42.9	39.7	40.5	0	0.0	65.3	55.8
Upper	43	30.7	34.6	35.2	0	0.0	6.7	20.6
Revenue								
Busn/ Farms with revenues <=\$1 M	78	55.7	52.1	90.5	0	0.0	46.1	97.3

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

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

NA represents no activity in the income category

The bank's lending performance in this assessment area is considered high satisfactory overall. The small business borrower distribution performance is good for 2016 and is substantially similar for 2015 and 2017. The HMDA borrower distribution is excellent during 2016 and 2017, and is considered good during 2015. HMDA geographic distribution performance is excellent for 2016 and is considered good during 2015 and 2017. The small business geographic performance is good during 2015 and 2016, and considered adequate during 2017.

During the review period, the bank did not make any community development loans within the assessment area. Overall, lending performance is consistent with the statewide rating.

INVESTMENT TEST

As detailed earlier in the evaluation, the bank has investments benefiting the statewide area that includes the bank's assessment areas. In addition to statewide investments, Union made \$36,900 in qualified donations within this assessment area. Overall, this level of investments is consistent with the statewide rating.

SERVICE TEST

Union operates eight branch offices in this assessment area, two located in moderate-income census tracts, three in middle-income census tracts and three in upper-income census tracts. No branch changes have occurred since the previous evaluation, and the products and services offered in this assessment area are substantially similar to those available in other markets where the bank operates. Specific to this assessment area, four employees participated in community development service activities benefiting local organizations that facilitate community services. Overall, service performance is consistent with the statewide rating.

Staunton-Waynesboro, VA MSA

This assessment area includes Augusta and Staunton Counties and the City of Waynesboro, in their entirety. The bank has a small presence in this area, operating seven branches that account for 5.5% of its total deposit volume.

Performance Test Data for Staunton-Waynesboro, VA MSA Assessment Area

LENDING TEST

Limited Review Lending Table

Staunton-Waynesboro, VA MSA (2016)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
Home Purchase					Home Improvement			
<i>Geographic</i>	(20)				(10)			
Low	1	5.0	0.5	0.4	0	0.0	1.6	0.4
Moderate	4	20.0	11.1	8.0	1	10.0	9.2	8.0
Middle	14	70.0	67.6	71.8	9	90.0	74.5	71.8
Upper	1	5.0	20.9	19.8	0	0.0	14.7	19.8
Refinance					Multi-Family			
<i>Geographic</i>	(10)				(0)			
Low	0	0.0	0.5	0.4	0	0.0	0.0	0.4
Moderate	1	10.0	9.2	8.0	0	0.0	22.2	8.0
Middle	9	90.0	71.4	71.8	0	0.0	33.3	71.8
Upper	0	0.0	18.9	19.8	0	0.0	44.4	19.8
HMDA Totals					Consumer			
<i>Geographic</i>	(40)				(NA)			
Low	1	2.5	0.5	0.4	NA	NA	NA	NA
Moderate	6	15.0	10.3	8.0	NA	NA	NA	NA
Middle	32	80.0	69.3	71.8	NA	NA	NA	NA
Upper	1	2.5	19.9	19.8	NA	NA	NA	NA
<i>Borrower</i>	(17)				(NA)			
Low	6	35.3	10.5	19.7	NA	NA	NA	NA
Moderate	4	23.5	26.3	17.7	NA	NA	NA	NA
Middle	2	11.8	29.0	23.7	NA	NA	NA	NA
Upper	5	29.4	34.2	39.0	NA	NA	NA	NA
Small Business					Small Farm			
<i>Geographic</i>	(99)				(4)			
Low	2	2.0	3.3	4.7	0	0.0	0.0	0.4
Moderate	9	9.1	7.6	7.3	0	0.0	0.6	0.8
Middle	52	52.5	63.6	64.7	3	75.0	92.5	92.0
Upper	36	36.4	25.5	23.2	1	25.0	6.9	6.8
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	44	44.4	45.6	90.9	3	75.0	80.9	98.9

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

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

NA represents no activity in the income category

The bank's lending performance in this assessment area is considered high satisfactory overall. The small business borrower distribution performance is adequate for 2015 and 2016 and is considered good during 2017. The HMDA borrower distribution is excellent during 2015 and 2016, and is considered good during 2017. HMDA geographic distribution performance is poor for 2015, while 2016 is considered excellent, and 2017 is considered good. Small business performance is excellent during 2015, and is considered good during 2016 and 2017.

During the review period, the bank did not make any community development loans within the assessment area. Overall, lending performance is consistent with the statewide rating.

INVESTMENT TEST

As detailed earlier in the evaluation, the bank has investments benefiting the statewide area that includes the bank's assessment areas. In addition to statewide investments, Union made \$14,021 in qualified donations within this assessment area. Overall, this level of investments is consistent with the statewide rating.

SERVICE TEST

Union operates seven branch offices in this assessment area, one located in a low-income census tract, one in a moderate-income census tract, and five in middle-income census tracts. The bank has closed two branches; both were located in middle-income census tracts. The products and services offered in this assessment area are substantially similar to those available in other markets where the bank operates. Specific to this assessment area, two employees participated in community development service activities benefiting local organizations that facilitate community services. Overall, service performance is consistent with the statewide rating.

Virginia Beach-Norfolk-Newport News, VA

This assessment area includes James City, Poquoson, and York Counties and the Cities of Chesapeake, Newport News, Norfolk, Portsmouth, Virginia Beach, and Williamsburg, in their entirety. The bank has a small presence in this area, operating five branches that account for 2.6% of its total deposit volume.

Performance Test Data for Virginia Beach-Norfolk-Newport News, VA Assessment Area

LENDING TEST

Limited Review Lending Table

Virginia Beach-Norfolk-Newport News, VA (2016)									
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic	
	#	%	%	%	#	%	%	%	
<i>Geographic</i>	Home Purchase				Home Improvement				
	(82)				(1)				
	Low	2	2.4	1.9	1.7	0	0.0	2.4	1.7
	Moderate	33	40.2	18.5	18.1	0	0.0	19.5	18.1
	Middle	32	39.0	37.6	36.9	1	100.0	40.5	36.9
	Upper	15	18.3	42.1	43.3	0	0.0	37.6	43.3
<i>Geographic</i>	Refinance				Multi-Family				
	(18)				(4)				
	Low	0	0.0	1.4	1.7	0	0.0	6.4	1.7
	Moderate	11	61.1	15.4	18.1	2	50.0	34.0	18.1
	Middle	5	27.8	35.4	36.9	2	50.0	29.8	36.9
	Upper	2	11.1	47.9	43.3	0	0.0	29.8	43.3
<i>Geographic</i>	HMDA Totals				Consumer				
	(105)				(NA)				
	Low	2	1.9	1.7	1.7	NA	NA	NA	NA
	Moderate	46	43.8	17.2	18.1	NA	NA	NA	NA
	Middle	40	38.1	36.8	36.9	NA	NA	NA	NA
	Upper	17	16.2	44.3	43.3	NA	NA	NA	NA
<i>Borrower</i>	(4)				(NA)				
	Low	0	0.0	5.8	19.2	NA	NA	NA	NA
	Moderate	0	0.0	21.9	18.8	NA	NA	NA	NA
	Middle	0	0.0	27.9	22.3	NA	NA	NA	NA
	Upper	4	100.0	44.4	39.7	NA	NA	NA	NA
	<i>Geographic</i>	Small Business				Small Farm			
(121)				(0)					
Low		20	16.5	4.8	4.9	0	0.0	2.1	1.3
Moderate		19	15.7	17.7	20.1	0	0.0	14.6	15.3
Middle		36	29.8	32.8	34.6	0	0.0	29.2	26.7
Upper		46	38.0	44.6	40.0	0	0.0	54.2	56.8
<i>Revenue</i>									
Busn/ Farms with revenues <=\$1 M	69	57.0	48.9	91.1	0	0.0	49.0	98.3	

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

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

NA represents no activity in the income category

The bank's lending performance in this assessment area is considered high satisfactory overall. The small business borrower distribution performance is good for 2016 and is substantially similar for 2015 and 2017. The HMDA borrower distribution is poor during 2015, very poor during 2016, and is considered excellent during 2017. HMDA geographic distribution performance is excellent for 2016 and is substantially similar for 2015 and 2017. Small business performance is excellent during 2015 and 2016, is considered good during 2017.

During the review period, the bank made one community development loans totaling \$405,000 to promote affordable housing of low- and moderate-income areas within the assessment area. Overall, lending performance is consistent with the statewide rating.

INVESTMENT TEST

As detailed earlier in the evaluation, the bank has investments benefiting the statewide area that includes the bank's assessment areas. In addition to statewide investments, Union made \$6,500 in qualified donations within this assessment area. Overall, this level of investments is consistent with the statewide rating.

SERVICE TEST

Union operates five branch offices in this assessment area, one located in a moderate-income census tract, one in middle-income census tract, and three in upper-income tracts. No branch changes have occurred since the previous evaluation, and the products and services offered in this assessment area are substantially similar to those available in other markets where the bank operates. Specific to this assessment area, two employees participated in community development service activities benefiting local organizations that facilitate community services. Overall, service performance is consistent with the statewide rating.

Covington-Buena Vista, VA NonMSA

This assessment area includes Alleghany and Rockbridge Counties and the Cities Buena Vista, Covington, and Lexington, in their entirety. The bank has a relatively small presence in this area, operating three branches that account for 1.7% of its total deposit volume.

Performance Test Data for Covington-Buena Vista, VA NonMSA Assessment Area

LENDING TEST

Limited Review Lending Table

Covington-Buena Vista, VA NonMSA (2016)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
Geographic	Home Purchase				Home Improvement			
	(0)				(4)			
	Low	NA	NA	NA	NA	NA	NA	NA
	Moderate	NA	NA	NA	NA	NA	NA	NA
	Middle	0	0.0	73.5	2	50.0	72.2	75.0
	Upper	0	0.0	26.5	2	50.0	27.8	25.0
Geographic	Refinance				Multi-Family			
	(11)				(0)			
	Low	NA	NA	NA	NA	NA	NA	NA
	Moderate	NA	NA	NA	NA	NA	NA	NA
	Middle	9	81.8	68.3	0	0.0	0.0	75.0
	Upper	2	18.2	31.7	0	0.0	100.0	25.0
Geographic	HMDA Totals				Consumer			
	(15)				(NA)			
	Low	NA	NA	NA	NA	NA	NA	NA
	Moderate	NA	NA	NA	NA	NA	NA	NA
	Middle	11	73.3	71.1	NA	NA	NA	NA
	Upper	4	26.7	28.9	NA	NA	NA	NA
Borrower	(14)				(NA)			
	Low	3	21.4	9.0	NA	NA	NA	NA
	Moderate	2	14.3	17.7	NA	NA	NA	NA
	Middle	4	28.6	26.8	NA	NA	NA	NA
	Upper	5	35.7	46.5	NA	NA	NA	NA
Geographic	Small Business				Small Farm			
	(13)				(1)			
	Low	NA	NA	NA	NA	NA	NA	NA
	Moderate	NA	NA	NA	NA	NA	NA	NA
	Middle	9	69.2	65.7	0	0.0	80.0	72.2
	Upper	4	30.8	34.3	1	100.0	20.0	27.8
Revenue								
Busn/ Farms with revenues <=\$1 M	11	84.6	54.6	92.9	1	100.0	80.0	100.0

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

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

NA represents no activity in the income category

The bank's lending performance in this assessment area is considered high satisfactory overall. The small business borrower distribution performance is good for 2015 and 2016, while adequate for 2017. The HMDA borrower distribution is poor during 2015, excellent during 2016, and is considered good during 2017. HMDA geographic distribution performance is good for 2015 and 2016, while it is considered excellent for 2017. Small business performance is good during 2016 and 2017 and adequate for 2015.

During the review period, the bank did not make any community development loans within the assessment area. Overall, lending performance is consistent with the statewide rating.

INVESTMENT TEST

As detailed earlier in the evaluation, the bank has investments benefiting the statewide area that includes the bank's assessment areas. In addition to statewide investments, Union made \$36,500 in qualified donations within this assessment area. Overall, this level of investments is consistent with the statewide rating.

SERVICE TEST

Union operates three branch offices in this assessment area, one located in a moderate-income census tract, while the remaining two are in middle-income census tracts. No branch changes have occurred since the previous evaluation, and the products and services offered in this assessment area are substantially similar to those available in other markets where the bank operates. Specific to this assessment area, one employee participated in a community development service activity benefiting a local organization that facilitates community services. Overall, service performance is consistent with the statewide rating.

Essex, VA NonMSA

This assessment area includes Essex, King and Queen, King George, Lancaster, Northumberland, Richmond, and Westmoreland Counties, in their entirety. The bank has a small presence in this area, operating ten branches that account for 6.3% of its total deposit volume.

Performance Test Data for Essex, VA NonMSA Assessment Area

LENDING TEST

Limited Review Lending Table

Essex, VA NonMSA (2016)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
Home Purchase					Home Improvement			
<i>Geographic</i>	(19)				(10)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	6	31.6	25.5	32.8	2	20.0	21.3	32.8
Upper	13	68.4	74.5	67.2	8	80.0	78.7	67.2
Refinance					Multi-Family			
<i>Geographic</i>	(13)				(1)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	2	15.4	23.2	32.8	0	0.0	0.0	32.8
Upper	11	84.6	76.8	67.2	1	100.0	100.0	67.2
HMDA Totals					Consumer			
<i>Geographic</i>	(43)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	10	23.3	24.2	32.8	NA	NA	NA	NA
Upper	33	76.7	75.8	67.2	NA	NA	NA	NA
<i>Borrower</i>	(24)				(NA)			
Low	3	12.5	3.5	12.5	NA	NA	NA	NA
Moderate	2	8.3	10.2	13.2	NA	NA	NA	NA
Middle	2	8.3	18.6	19.9	NA	NA	NA	NA
Upper	17	70.8	67.6	54.5	NA	NA	NA	NA
Small Business					Small Farm			
<i>Geographic</i>	(118)				(35)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	36	30.5	31.4	29.5	7	20.0	37.3	38.2
Upper	82	69.5	68.6	70.5	28	80.0	62.7	61.8
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	54	45.8	43.9	92.0	22	62.9	42.9	96.0

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

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

NA represents no activity in the income category

The bank's lending performance in this assessment area is considered high satisfactory overall. The small business borrower distribution performance is good for 2015, and adequate during 2016 and 2017. The HMDA borrower distribution is excellent during 2016, and is substantially similar for 2015 and 2017. HMDA geographic distribution performance is good for 2015 and 2016, while it is considered excellent for 2017. The bank's geographic distribution performance for small business loans is good during 2015 and 2016, while it is also considered excellent during 2017.

During the review period, the bank did not make any community development loans within the assessment area. Overall, lending performance is consistent with the statewide rating.

INVESTMENT TEST

As detailed earlier in the evaluation, the bank has investments benefiting the statewide area that includes the bank's assessment areas. In addition to statewide investments, Union made \$17,250 in qualified donations within this assessment area. Overall, this level of investments is consistent with the statewide rating.

SERVICE TEST

Union operates ten branch offices in this assessment area; four are in middle-income census tracts and six are in upper-income census tracts. No branch changes have occurred since the previous evaluation, and the products and services offered in this assessment area are substantially similar to those available in other markets where the bank operates. Specific to this assessment area, one employee participated in a community development service activity benefiting a local organization that facilitates community services. Overall, service performance is consistent with the statewide rating.

Orange, VA NonMSA

This assessment area includes Louisa, Madison, and Orange Counties, in their entirety. The bank has a small presence in this area, operating three branches that account for 2.9% of its total deposit volume.

Performance Test Data for Orange, VA NonMSA Assessment Area

LENDING TEST

Limited Review Lending Table

Orange, VA NonMSA (2016)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
Home Purchase					Home Improvement			
Geographic	(5)				(8)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	2	40.0	25.6	32.2	3	37.5	33.3	32.2
Upper	3	60.0	74.4	67.8	5	62.5	66.7	67.8
Refinance					Multi-Family			
Geographic	(10)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	2	20.0	26.9	32.2	0	0.0	100.0	32.2
Upper	8	80.0	73.1	67.8	0	0.0	0.0	67.8
HMDA Totals					Consumer			
Geographic	(23)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	7	30.4	26.6	32.2	NA	NA	NA	NA
Upper	16	69.6	73.4	67.8	NA	NA	NA	NA
Borrower	(14)				(NA)			
Low	1	7.1	2.6	13.0	NA	NA	NA	NA
Moderate	1	7.1	12.2	13.3	NA	NA	NA	NA
Middle	2	14.3	23.6	19.3	NA	NA	NA	NA
Upper	10	71.4	61.6	54.5	NA	NA	NA	NA
Small Business					Small Farm			
Geographic	(36)				(1)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	12	33.3	33.1	39.1	1	100.0	35.8	41.3
Upper	24	66.7	66.9	60.9	0	0.0	64.2	58.7
Revenue								
Busn/ Farms with revenues <=\$1 M	21	58.3	48.1	93.7	1	100.0	38.2	97.9

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

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

NA represents no activity in the income category

The bank's lending performance in this assessment area is considered outstanding overall. The small business borrower distribution performance is good for 2016, and is substantially similar for 2015 and 2017. The HMDA borrower distribution is good during 2016, and is considered excellent during 2015 and 2017. HMDA geographic distribution performance is good for all three years. Small business performance is good during 2015 and 2016, and is considered excellent during 2017.

During the review period, the bank did not make any community development loans within the assessment area. Overall, lending performance exceeds the statewide rating.

INVESTMENT TEST

As detailed earlier in the evaluation, the bank has investments benefiting the statewide area that includes the bank's assessment areas. Overall, this level of investments is consistent with the statewide rating.

SERVICE TEST

Union operates three branch offices in this assessment area, one in a moderate-income census tract, one in a middle-income census tract, and one in an upper-income census tract. No branch changes have occurred since the previous evaluation, and the products and services offered in this assessment area are substantially similar to those available in other markets where the bank operates. Specific to this assessment area, one employee participated in community development service activities benefiting local organizations that facilitate community services. Overall, service performance is consistent with the statewide rating.

Wythe, VA NonMSA

This assessment area includes Carroll and Wythe Counties, in their entirety. The bank has a relatively small presence in this area, operating one branch that accounts for 1% of its total deposit volume.

Performance Test Data for Wythe, VA NonMSA Assessment Area

LENDING TEST

Limited Review Lending Table

Wythe, VA NonMSA (2016)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
<i>Geographic</i>	Home Purchase				Home Improvement			
	(1)				(0)			
	NA	NA	NA	NA	NA	NA	NA	NA
	0	0.0	11.7	14.2	0	0.0	15.2	14.2
	1	100.0	88.3	85.8	0	0.0	84.8	85.8
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Geographic</i>	Refinance				Multi-Family			
	(1)				(0)			
	NA	NA	NA	NA	NA	NA	NA	NA
	0	0.0	9.0	14.2	0	0.0	0.0	14.2
	1	100.0	91.0	85.8	0	0.0	0.0	85.8
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Geographic</i>	HMDA Totals				Consumer			
	(2)				(NA)			
	NA	NA	NA	NA	NA	NA	NA	NA
	0	0.0	10.9	14.2	NA	NA	NA	NA
	2	100.0	89.1	85.8	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Borrower</i>	(2)				(NA)			
	0	0.0	8.4	19.9	NA	NA	NA	NA
	0	0.0	24.0	19.5	NA	NA	NA	NA
	1	50.0	27.7	25.1	NA	NA	NA	NA
	1	50.0	39.8	35.5	NA	NA	NA	NA
<i>Geographic</i>	Small Business				Small Farm			
	(5)				(0)			
	NA	NA	NA	NA	NA	NA	NA	NA
	0	0.0	12.0	8.7	0	0.0	12.8	21.3
	5	100.0	88.0	91.3	0	0.0	87.2	78.7
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	4	80.0	55.9	93.9	0	0.0	60.2	100.0

Geographic () represents the total number of bank loans for the specific Loan Purpose where geography is known
Borrower () represents the total number of bank loans for the specific Loan Purpose where income is known
NA represents no activity in the income category

The bank's lending performance in this assessment area is considered low satisfactory overall. The small business borrower distribution performance is good during 2016 and 2017, and is considered poor for 2015. The HMDA borrower distribution is poor during 2015 and 2016, and is considered excellent during 2017. HMDA geographic distribution performance is poor during 2016, and is considered substantially similar during 2015 and 2017. The bank's geographic distribution performance for small business loans is considered excellent during 2015; however, it is poor during 2016 and 2017.

During the review period, the bank did not make any community development loans within the assessment area. Overall, lending performance is below the statewide rating.

INVESTMENT TEST

As detailed earlier in the evaluation, the bank has investments benefiting the statewide area that includes the bank's assessment areas. Overall, this level of investments is consistent with the statewide rating.

SERVICE TEST

Union operates one branch office in this assessment area and it is located in a middle-income census tract. No branch changes have occurred since the previous evaluation, and the products and services offered in this assessment area are substantially similar to those available in other markets where the bank operates. Overall, service performance is consistent with the statewide rating.

CRA APPENDIX C

Loan, Branch, and Deposit Volume by Assessment Area

Assessment Area	Loan Volume				Full-Service Branches		Deposit Volume	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Blacksburg-Christiansburg-Radford, VA, MSA	428	5.5%	\$56,373	3.7%	9	8.1%	\$647,537	9.6%
Charlottesville, VA	305	4%	\$76,639	5%	8	7.2%	\$497,082	7.3%
Covington-Buena Vista, VA NonMSA	88	1.1%	\$9,841	.6%	3	2.7%	\$113,683	1.7%
Essex, VA NonMSA	659	8.5%	\$60,101	3.9%	10	9%	\$428,116	6.3%
Harrisonburg, VA MSA	169	2.2%	\$36,162	2.3%	3	2.7%	\$137,184	2%
Lynchburg, VA MSA	243	3.2%	\$28,423	1.8%	4	3.6%	\$201,810	3%
Orange, VA NonMSA	171	2.2%	\$25,038	1.6%	3	2.7%	\$196,213	2.9%
Richmond, VA	2,180	28.3%	\$486,119	31.5%	30	27%	\$2,023,506	29.9%
Roanoke, VA MSA	523	6.8%	\$90,866	5.9%	8	7.2%	\$426,992	6.3%
Staunton-Waynesboro, VA MSA	370	4.8%	\$56,845	3.7%	7	6.3%	\$375,733	5.5%
Virginia Beach-Norfolk-Newport News, VA	703	9.1%	\$190,144	12.3%	5	4.5%	\$175,431	2.6%
Washington-Baltimore-Arlington, VA	1,847	24%	\$424,277	27.5%	20	18%	\$1,479,378	21.9%
Wythe, VA NonMSA	21	.3%	\$3,223	.2%	1	.9%	\$67,900	1%
TOTAL	7,707	100%	\$1,544,051	100.0%	111	100%	\$6,770,565	100%

CRA APPENDIX D

ASSESSMENT AREA COMPOSITION

Assessment Area Name	City/County	State	Census Tracts Included
Blacksburg-Christiansburg-Radford, VA MSA	Floyd County	VA	All
	Giles County	VA	All
	Montgomery County	VA	All
	Pulaski County	VA	All
	Radford City	VA	All
Charlottesville, VA	Albemarle County	VA	All
	Charlottesville City	VA	All
	Fluvanna County	VA	All
	Nelson County	VA	All
Covington-Buena Vista, VA NonMSA	Alleghany County	VA	All
	Buena Vista City	VA	All
	Covington City	VA	All
	Lexington City	VA	All
	Rockbridge County	VA	All
Essex, VA NonMSA	Essex County	VA	All
	King and Queen County	VA	All
	King George County	VA	All
	Lancaster County	VA	All
	Northumberland County	VA	All
	Richmond County	VA	All
	Westmoreland County	VA	All
Harrisonburg, VA MSA	Harrisonburg City	VA	All
	Rockingham County	VA	All
Lynchburg, VA MSA	Amherst County	VA	All
	Appomattox City	VA	All
	Bedford County	VA	All
	Campbell County	VA	All
	Lynchburg City	VA	All
Orange, VA NonMSA	Louisa County	VA	All
	Madison County	VA	All
	Orange County	VA	All

Richmond, VA	Caroline County	VA	All
	Charles City County	VA	All
	Chesterfield County	VA	All
	Colonial Heights City	VA	All
	Hanover County	VA	All
	Henrico County	VA	All
	King William County	VA	All
	New Kent County	VA	All
	Petersburg City	VA	All
	Richmond City	VA	All
Roanoke, VA MSA	Botetourt City	VA	All
	Craig County	VA	All
	Franklin County	VA	All
	Roanoke City	VA	All
	Roanoke County	VA	All
	Salem City	VA	All
Staunton-Waynesboro, VA MSA	Augusta County	VA	All
	Staunton County	VA	All
	Waynesboro City	VA	All
Virginia Beach-Norfolk-Newport News, VA	Chesapeake City	VA	All
	James City County	VA	All
	Newport News City	VA	All
	Norfolk City	VA	All
	Poquoson County	VA	All
	Portsmouth City	VA	All
	Virginia Beach City	VA	All
	Williamsburg City	VA	All
	York County	VA	All

Washington-Baltimore-Arlington, -VA Assessment Area	Alexandria City	VA	All
	Culpeper County	VA	All
	Fairfax City	VA	All
	Fairfax County	VA	All
	Falls Church City	VA	All
	Fauquier County	VA	All
	Frederick County	VA	All
	Fredericksburg City	VA	All
	Loudon County	VA	All
	Manassas City	VA	All
	Manassas Park City	VA	All
	Prince William County	VA	All
	Rappahannock County	VA	All
	Spotsylvania County	VA	All
	Stafford County	VA	All
	Warren County	VA	All
	Winchester City	VA	All
Wythe, VA NonMSA	Carroll County	VA	All
	Wythe County	VA	All

CRA APPENDIX E

GLOSSARY

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

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

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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

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

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

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

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

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

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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