PUBLIC DISCLOSURE

March 15, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

JOHN MARSHALL BANK

RESTON, VIRGINIA

Federal Reserve Bank of Richmond
Richmond, Virginia

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3419416

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Reston, Virginia 20190

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.

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

INSTITUTION'S CRA RATING: This institution is rated: Satisfactory.
The Lending Test is rated: Satisfactory.
The Community Development Test is rated: Satisfactory.

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered more than reasonable given the bank's size, financial condition, and credit needs of the bank's assessment area.
- A substantial majority of the institution's Home Mortgage Disclosure Act (HMDA) and small business loans were originated within the bank's assessment area.
- Lending to borrowers of different income levels for HMDA ranged from very poor to poor and is considered very poor. Small business lending performance is considered reasonable. Overall, the borrower distribution performance is considered reasonable.
- The bank's geographic distribution performance is considered poor for both HMDA and small business lending.
- The bank's level of community development loans, investments, and services is adequate when considering its capacity and available community development opportunities.
- The institution has not received any complaints regarding its CRA performance since the previous evaluation.

SCOPE OF EXAMINATION

John Marshall Bank (JMB) was evaluated using the interagency examination procedures for intermediate small institutions developed by the Federal Financial Institutions Examination Council (FFIEC). JMB is required to report certain information regarding its home mortgage lending in accordance with the HMDA. Accordingly, JMB's 2018 and 2019 HMDA loans were considered in the evaluation. In addition, small business lending was identified as a primary product line and was also considered in the evaluation. The analysis includes all small business loans originated during 2019.

While the bank has reported its 2020 HMDA and CRA data, that data is not included in this analysis because the 2020 aggregate data is not yet available. Because aggregate data captures lending done under the same business and market conditions, aggregate data from 2020 is an important performance context factor needed to evaluate the bank's lending performance especially since the pandemic occurred during most of 2020.

Qualified community development loans and services are considered for activities since the previous evaluation (June 25, 2018). All qualified investments made during this same period and those outstanding as of the date of this evaluation, regardless of when made, were also considered. Discussions with members of the community were also held to discern information about local economic conditions, credit needs, performance of banks, and potential community development opportunities.

Based on its branch locations and the geographic area in which it makes loans, the bank has deliniated one assessment area that included portions of the Washington-Arlington-Alexandria, DC-VA-MD-WV and Frederick-Gaithersburg-Rockville, MD Metropolitan Divisions (MDs). These two MDs make up the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA.

DESCRIPTION OF INSTITUTION

JMB is headquartered in Reston, Virginia, and operates eight full-service branch offices and two loan production offices (LPOs) within northern Virginia, Washington D.C., and Rockville, Maryland. The bank is a wholly-owned subsidiary of John Marshall Bancorp, Inc., a single-bank holding company, also headquartered in Reston, Virginia. The bank's previous CRA rating, dated June 25, 2018, was Satisfactory. No known legal impediments exist which would prevent the bank from meeting the credit needs of its assessment area.

As of December 31, 2020, the bank held assets totaling $1.9 billion, of which 82% were net loans and 8.1% were securities. During this same period, deposits totaled $1.6 billion. Various deposit and loan products are available through the institution, including loans for residential mortgage, business, and consumer purposes. Additionally, in April 2020, the Small Business Administration (SBA) created the Paycheck Protection Program (PPP). This program was designed to provide direct incentive for small businesses, allow workforces to remain employed, and promote economic stability during the Coronavirus (COVID-19) crisis. From April through the beginning of August, JMB originated 687 loans totaling approximately $154 million. The composition of the loan portfolio (reflecting gross loans) is represented in the following table.

Composition of Loan Portfolio

Loan Type	12/31/2020	
	$(000s)	%
Secured by 1-4 Family dwellings	281,385	18.0
Multifamily	69,215	4.4
Construction and Development	243,228	15.6
Commercial & Industrial/ NonFarm NonResidential	967,656	61.9
Consumer Loans and Credit Cards	1,040	0.1
Agricultural Loans/ Farmland	0	0.0
All Other	0	0.0
Total	***1,562,524***	***100.0***

As indicated in the preceding table, JMB is an active commercial and residential mortgage lender. Small business lending is a subset of commercial loans and a significant business line for the bank. JMB continues to offer other loans, such as consumer and construction and development loans; however, the volume of such lending is relatively small in comparison to the commercial and residential mortgage lending.

DESCRIPTION OF WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD ASSESSMENT AREA

The bank has delineated one assessment area that includes a portion of the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA. Due to its size, the OMB subdivided the MSA into two smaller MDs. The bank's assessment area includes a portion of each MD. The following table reflects the composition of the bank's assessment area.

Assessment Area Name	City/County	State	Census Tracts
Washington-Arlington-Alexandria, DC-VA-MD	District of Columbia	DC	All
	Alexandria City	VA	All
	Arlington County	VA	All
	Fairfax City	VA	All
	Fairfax County	VA	All
	Falls Church City	VA	All
	Loudoun County	VA	All
	Manassas City	VA	All
	Manassas Park City	VA	All
	Prince William County	VA	All
Frederick-Gaithersburg-Rockville, MD	Montgomery County	MD	All

As of June 30, 2020, JMB ranked 19th out of 60 institutions in local deposit market share and held .6% of the assessment area's deposits according to data compiled by the Federal Deposit Insurance Corporation (credit union deposits are not included). According to 2019 HMDA aggregate data, the institution ranked 129th out of 739 in reported HMDA volume with a .08% market share.

According to the American Community Survey (ACS) data from 2015, the assessment area has a population of 4,048,803 and a median housing value of $458,172. The owner-occupancy rate for the assessment area equals 57%, which approximates the owner-occupancy rate for the Washington-Arlington-Alexandria, DC-VA-MD-WV metropolitan division (57.8%), but is less than the rates of owner-occupancy in the Frederick-Gaithersburg-Rockville, MD metropolitan division (64.6%), the Commonwealth of Virginia (59.2%) and the State of Maryland (60.1%). Within the assessment area, 5.6% of families are considered below the poverty level, which is less than the poverty rates in the Washington-Arlington-Alexandria, DC-VA-MD-WV metropolitan division (6.1%), the Commonwealth of Virginia (8.2%), and State of Maryland (7%), but higher than the rate in the Frederick-Gaithersburg-Rockville, MD metropolitan division (5%). The HUD estimated median family incomes for the Washington-Arlington-Alexandria, DC-VA-MD-WV and Frederick-Gatihersburg-Rockville, MD metropolitan divisions during 2019 equaled $114,700 and $123,600, respectively. The following table includes pertinent demographic data for the assessment area in 2019.

Assessment Area Demographics

Washington-Arlington-Alexandria, DC-VA-MD *(Based on 2015 ACS Data and 2019 D&B Information)*									
Income Categories*	**Tract Distribution**		**Families by Tract**		**Families < Poverty as a % of Families by Tract**		**Families by Family Income**	
	#	%	#	%	#	%	#	%
Low	90	9.8	77,594	8.2	17,787	22.9	193,181	20.4
Moderate	143	15.6	145,550	15.4	12,663	8.7	140,389	14.8
Middle	274	30.0	284,265	30.1	13,621	4.8	179,063	18.9
Upper	392	42.9	435,519	46.0	8,458	1.9	433,254	45.9
NA	15	1.7	2,959	0.3	496	16.8		
Total	*914*	*100.0*	*945,887*	*100.0*	*53,025*	*5.6*	*945,887*	*100.0*
	Owner Occupied Units by Tract		**Households**					
			HHs by Tract		**HHs < Poverty by Tract**		**HHs by HH Income**	
	#	%	#	%	#	%	#	%
Low	32,894	3.7	132,583	9.0	30,559	23.0	318,210	21.5
Moderate	112,313	12.5	234,691	15.9	23,988	10.2	222,501	15.1
Middle	277,633	30.9	460,908	31.2	29,265	6.3	263,900	17.9
Upper	472,903	52.7	640,429	43.4	26,321	4.1	672,704	45.5
NA	1,856	0.2	8,704	0.5	1,589	18.3		
Total	*897,599*	*100.0*	*1,477,315*	*100.0*	*111,722*	*7.6*	*1,477,315*	*100.0*
	Total Businesses by Tract		**Businesses by Tract and Revenue Size**					
			Less than or = $1 Million		**Over $1 Million**		**Revenue not Reported**	
	#	%	#	%	#	%	#	%
Low	10,462	4.3	9,743	4.4	641	3.0	78	4.0
Moderate	35,739	14.7	32,046	14.5	3,485	16.4	208	10.6
Middle	72,367	29.7	65,021	29.5	6,860	32.3	486	24.8
Upper	123,539	50.6	112,506	51.0	10,023	47.2	1,010	51.5
NA	1,808	0.7	1,426	0.6	204	1.1	178	9.1
Total	*243,915*	*100.0*	*220,742*	*100.0*	*21,213*	*100.0*	*1,960*	*100.0*
Percentage of Total Businesses:				90.5		8.7		0.8

**NA-Tracts without household or family income as applicable*

The area benefits from a diversified economy with a mix of federal and state government, manufacturing, defense contracting, scientific, engineering, and tourism-related employment opportunities. Major employers include the U.S. Departments of Defense and Homeland Defense, Inova Health Systems, Lockheed Martin Corp, Wal-Mart stores, George Mason Univiersity, Giant Food Stores, and Marriott. The following table reflects unemployment rates since the previous evaluation.

Geographic Area	December 2018	December 2019	December 2020
Arlington County, VA	1.7%	1.4%	4.7%
Alexandria City, VA	1.9%	1.7%	5.9%
Fairfax County, VA	2.1%	1.7%	5.5%
Fairfax City, VA	2%	1.6%	5%
Falls Church City, VA	1.8%	1.6%	4%
Loudoun County, VA	2.1%	1.8%	4.8%
Manassass City, VA	2.3%	1.9%	5.7%
Manassas Park City, VA	2.4%	1.8%	6.1%
Prince William County, VA	2.4%	2%	5.9%
Commonwealth of Virginia	**2.6%**	**2.3%**	**5.7%**
Montgomery County, MD	2.7%	2.4%	6.3%
State of Maryland	**3.4%**	**3%**	**6.7%**
District of Columbia	5.5%	4.5%	8.8%
Washington-Arlington-Alexandria MD	**3%**	**2.5%**	**6.5%**
Frederick-Gaithersburg-Rockville MD	**2.7%**	**2.4%**	**6.2%**

Prior to the COVID-19 pandemic and subsequent economic shut down, the assessment area was experiencing very low and stable unemployment rates. With the exception of the District of Columbia, assessment area county and city unemployment rates are lower when compared to respective state-wide unemployment rates. This trend indicates favorable labor conditions within the bank's assessment area.

An official from an economic development organization was contacted recently to discuss local economic conditions and community credit needs. The contact stated that quarantine restrictions imposed in response to the COVID-19 pandemic during the second quarter of 2020 have caused economic hardships throughout the region. While certain technology sectors have recently regained lost economic activity, hospitality and service industries continue to suffer. He cited involvement in the PPP as an essential opportunity for participation by local financial institutions in meeting the credit needs of the community. The contact noted that the performance of local financial institutions in meeting the credit needs of the community has been reasonable.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

Reported HMDA data from calendar years 2018 and 2019, as well as small business loan originations from calendar year 2019, were fully analyzed and considered in this evaluation. When evaluating the bank's performance, relevant area demographic data from the 2015 American Community Survey (ACS) is 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. Dun & Bradstreet (D&B) demographic data from 2018 and 2019 is also considered when evaluating the bank's performance. Aggregate HMDA loan data from 2018 and 2019, and aggregate small business loan data from 2019, is considered when evaluating the bank's performance. Aggregate data includes all activity reported by lenders subject to reporting HMDA and CRA loan data within the bank's assessment area. Because JMB is required to report HMDA loan data, its lending is included in the aggregate data. Since the bank was not required to report CRA loan data during 2019, it's small business lending is not included in the aggregate data.

To evaluate the geographic and borrower distribution for a specific loan category within an assessment area, primary emphasis is placed on the number (and corresponding percentage) of loans originated. To arrive at an overall conclusion regarding the distribution of lending performance, each loan category is then generally weighted by dollar volume of such loans made in the assessment area.

While HMDA loan data from calendar years 2018 and 2019, as well as, small business data from calendar year 2019, were fully analyzed and considered in the evaluation, only bank and aggregate data from 2019 are presented in the assessment area tables. In instances where the 2018 HMDA performance varies significantly from the performance noted during 2019, such variance and the corresponding impact on the overall performance are discussed.

Throughout the analysis of lending, loans without reported income (in the case of borrower distribution) and loans where reported geographic information is incomplete (in the case of geographic distribution) are excluded from both the bank loan totals and comparative aggregate lending totals. Additionally, within JMB's assessment area, a high level of small business lending activity was reported by specialized lenders, who often originate or purchase small business loans in the form of credit cards. The loans, however, tend to be much smaller in size than traditional small business bank loans, and a substantial majority of such loans do not have revenue data reported. The presence of these lenders is reflected in a smaller market share for traditional lenders and tends to understate the percentage of aggregate lending to businesses with annual revenues of $1 million or less. These factors were considered as an aspect of performance context when evaluating the level and distribution of small business lending.

Loan-To-Deposit Ratio

The bank's loan-to-deposit ratio as of December 31, 2020 equaled 94.1%, and averaged 98.3% for the preceding 11-quarter period ending during the same time period. In comparison, the quarterly average loan-to-deposit ratio for banks of similar asset size operating in JMB's assessment area ranged from 38.4% to 104.8% during a 10-quarter period ending Septmenber 30, 2020. The bank's loan-to-deposit ratio is considered more than reasonable given the institution's size, financial condition, market conditions, and local credit needs.

Lending In Assessment Area

To determine the institution's volume of lending within its assessment area, the geographic location of the bank's HMDA loans originated during calendar years 2018 and 2019, and small business loans originated during 2019, were considered. The lending distribution inside and outside of the bank's assessment area is represented in the following table.

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

Loan Type	Inside				Outside			
	#	%	$(000)	%	#	%	$(000)	%
Home Purchase	106	72.1	51,567	82.6	41	27.9	10,891	17.4
Home Improvement	0	0.0	0	0.0	0	0.0	0	0.0
Refinancing	89	95.7	60,499	97.3	4	4.3	1,663	2.7
Multi-Family Housing	14	100.0	66,299	100.0	0	0.0	0	0.0
Loan Purpose Not Applicable	0	0.0	0	0.0	0	0.0	0	0.0
Other Purpose Closed/Exempt	0	0.0	0	0.0	0	0.0	0	0.0
Other Purpose LOC	0	0.0	0	0.0	0	0.0	0	0.0
Total HMDA related	**209**	**82.3**	**178,365**	**93.4**	**45**	**17.7**	**12,554**	**6.6**
Small Business	151	90.4	47,478	92.3	16	9.6	3,986	7.7
TOTAL LOANS	**360**	**85.5**	**225,843**	**93.2**	**61**	**14.5**	**16,540**	**6.8**

As indicated in the preceding table, a substantial majority of the number and dollar volume of residential mortgage and small business loans were extended to residents of the bank's assessment area. Overall, the institution's level of lending within its assessment area is considered highly responsive to community credit needs.

Lending to Borrowers of Different Incomes and To Businesses of Different Sizes

The bank's borrower distribution is considered very poor for HMDA lending, while small business lending performance is considered reasonable. The bank's focus on commercial lending resulted in a high level of unknown incomes in the bank's HMDA lending. The absence of this information resulted in fewer loans considered in this analysis. Given this performance context, the bank's overall borrower distribution performance is driven by the rating of its small business performance. Consequently, JMB's overall borrower distribution performance is considered reasonable.

Distribution of HMDA Loans by Income Level of Borrower

Washington-Arlington-Alexandria, DC-VA-MD (2019)								
Income Categories	Bank				Aggregate			
	#	%	$(000s)	% $	#	%	$(000s)	% $
	HMDA Totals							
Low	0	0.0	0	0.0	9,017	6.2	1,959,451	3.1
Moderate	0	0.0	0	0.0	26,719	18.4	7,967,064	12.7
Middle	4	16.7	1,542	7.8	37,297	25.7	13,994,742	22.3
Upper	20	83.3	18,288	92.2	71,882	49.7	38,752,174	61.9
Total	***24***	***100.0***	***19,830***	***100.0***	***144,915***	***100.0***	***62,673,431***	***100.0***
Unknown	*118*		*86,543*		*25,640*		*17,216,004*	

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

During 2019, the bank did not make any loans to low- or moderate-income borrowers. Accordingly, the bank's performance lagged both the aggregate level of lending to such borrowers (6.2% and 18.4%, respectively) and the percentage of low- (20.4%) and moderate- (14.8%) income families in the assessment area. The bank's HMDA borrower distribution in 2019 is considered very poor.

During 2018, JMB originated 19 loans totaling $9.7 million to borrowers whose income was known. Of these loans, two (10.5%) totaling $935,000 (9.6%) were originated to low-income borrowers, which exceeded the aggregate peer performance (8%), but substantially lagged the percentage of low-income families within the assessment area (20.5%). The bank did not originate any loans to moderate-income borrowers, which significantly lagged peer performance (19.5%) and the percentage of moderate-income families within the assessment area (14.9%). Despite the bank's lending to low-income borrowers, the bank's overall performance is nonetheless considered poor.

On a combined basis when considering the significantly greater dollar volume of lending during 2019 and the relative strength of performance in each year, JMB's overall HMDA borrower distribution performance is considered very poor.

Distribution of Lending by Loan Amount and Size of Business

Washington-Arlington-Alexandria, DC-VA-MD (2019)								
	Bank				Aggregate*			
by Revenue	#	%	$(000s)	% $	#	%	$(000s)	% $
$1 Million or Less	59	39.1	18,064	38.0	59,959	50.0	1,198,901	32.5
Over $1 Million	92	60.9	29,414	62.0	NA	NA	NA	NA
Unknown	*0*	*0.0*	*0*	*0.0*	*NA*	*NA*	*NA*	*NA*
by Loan Size								
$100,000 or less	43	28.5	1,943	4.1	114,223	95.3	1,644,682	44.6
$100,001-$250,000	46	30.5	8,395	17.7	2,766	2.3	478,138	13.0
$250,001-$1 Million	62	41.0	37,140	78.2	2,833	2.4	1,567,327	42.4
Total	***151***	***100.0***	***47,478***	***100.0***	***119,822***	***100.0***	***3,690,147***	***100.0***

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

D&B data from 2019 indicates that 90.5% of all local businesses have revenues that do not exceed $1 million per year. Aggregate data from 2019 indicates that 50% of reported small business loans were to businesses with revenues of $1 million or less. The remaining portion of loans were to businesses with either revenues exceeding $1 million or revenues were unknown. As part of performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 58.6% were made to businesses with annual revenues of $1 million or less. JMB originated 39.1% of its small business loans within the assessment area to businesses with revenues of $1 million or less. Given these demographic and contextual factors, JMB's small business borrower distribution is considered reasonable.

Geographic Distribution of Loans

The bank's geographic distribution performance is considered poor for both HMDA and small business lending.

Distribution of HMDA Loans by Income Level of Census Tract

Washington-Arlington-Alexandria, DC-VA-MD (2019)								
Income Categories	Bank				Aggregate			
	#	%	$(000s)	%$	#	%	$(000s)	% $
	(70)		Home Purchase		(85,734)			
Low	2	2.9	472	1.2	3,918	4.6	1,450,255	3.6
Moderate	3	4.3	1,316	3.4	11,763	13.8	4,049,033	10.1
Middle	15	21.4	5,373	13.9	27,328	31.9	10,919,810	27.2
Upper	50	71.4	31,442	81.5	42,525	49.7	23,718,723	59.1
	(66)		Refinance		(75,969)			
Low	0	0.0	0	0.0	2,969	3.9	978,450	3.0
Moderate	3	4.5	1,193	2.4	8,391	11.0	2,635,946	8.0
Middle	10	15.2	4,673	9.4	22,048	29.0	8,117,825	24.7
Upper	53	80.3	44,095	88.2	42,561	56.1	21,154,682	64.3
	(0)		Home Improvement		(8,331)			
Low	0	0.0	0	0.0	259	3.1	34,988	3.1
Moderate	0	0.0	0	0.0	741	8.9	70,112	6.3
Middle	0	0.0	0	0.0	2,246	27.0	246,932	22.0
Upper	0	0.0	0	0.0	5,085	61.0	767,858	68.6
	(6)		Multi-Family		(309)			
Low	3	50.0	14,330	80.5	89	28.8	621,377	11.3
Moderate	0	0.0	0	0.0	60	19.4	1,513,911	27.4
Middle	2	33.3	2,640	14.8	64	20.7	1,593,742	28.9
Upper	1	16.7	839	4.7	96	31.1	1,791,916	32.5
			HMDA Totals					
Low	5	3.5	14,802	13.9	7,235	4.2	3,085,070	3.9
Moderate	6	4.2	2,509	2.4	20,955	12.3	8,269,002	10.4
Middle	27	19.0	12,686	11.9	51,686	30.3	20,878,309	26.1
Upper	104	73.3	76,376	71.8	90,267	53.0	47,433,179	59.3
*NA**	0	0.0	0	0.0	412	0.2	223,875	0.3
Total	***142***	***100.0***	***106,373***	***100.0***	***170,555***	***100.0***	***79,889,435***	***100.0***

NA-Tracts without household or family income as applicable*

During 2019, home purchase and refinance loans represented a significant portion of both the bank and aggregate peer reporter's HMDA lending products. When considering the bank's performance by loan product type, JMB's lending is considered poor for home purchase and refinance lending and reasonable for multifamily lending. JMB did not extend any home improvement loans during 2019, and those loans were therefore excluded as a factor in analysis. Furthermore, multifamily lending was not a significant component of the analysis due to the bank's limited volume of such lending within the assessment area.

JMB's HMDA lending in low-income census tracts (3.5%) was similar to the percentage of owner-occupied housing units located in low-income tracts (3.7%), but lagged the aggregate level of lending in such tracts (4.2%). The bank's level of lending in moderate-income census tracts (4.2%) significantly lagged both the percentage of owner-occupied housing units located in moderate-income census tracts (12.5%) and the aggregate level of lending in such tracts (12.3%). Overall, JMB's HMDA geographic distribution performance in 2019 is considered poor, and the bank's performance in 2018 is substantially similar.

Distribution of Small Business Loans by Income Level of Census Tract

Washington-Arlington-Alexandria, DC-VA-MD (2019)								
Income Categories	Bank				Aggregate			
	#	%	$(000s)	% $	#	%	$(000s)	% $
Low	2	1.3	240	0.5	4,425	3.7	112,102	3.0
Moderate	12	7.9	4,732	10.0	17,587	14.8	517,072	14.1
Middle	42	27.8	11,785	24.8	36,400	30.5	1,164,938	31.7
Upper	93	61.6	30,483	64.2	60,195	50.5	1,860,854	50.6
*NA**	2	1.4	238	0.5	591	0.5	21,032	0.6
Total	***151***	***100.0***	***47,478***	***100.0***	***119,198***	***100.0***	***3,675,998***	***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 level of small business lending in low-income census tracts (1.3%) lagged both the aggregate level of lending within these tracts (3.7%) and the percentage of businesses located in such tracts (4.3%). Similarly, JMB's small business lending level in moderate-income census tracts (7.9%) lagged both the aggregate level of small business lending (14.8%) and the percentage of businesses located in such tracts (14.7%). On a combined basis, the bank's geographic distribution performance for small business lending is considered poor.

Community Development Loans, Investments, and Services

Discussions with an individual knowledgeable of the local market area and reviews of performance evaluations of other financial institutions having a local presence indicate community development opportunities are readily available within this assessment area. Additionally, the bank faces no constraints which would inhibit it from providing community development loans, investments, or services consistent with its capacity and available opportunities.

JMB supported local community development initiatives by originating eight community development loans totaling $12.3 million. Two loans were to organizations that provided services to low- and moderate-income individuals and families and six loans supported affordable housing efforts in the assessment area.

The bank currently holds $8.8 million dollars in qualified investments that directly impact its assessment area. The investments consist of a $6 million commitment in low-income housing equity funds issued by the Virigina Community Development Corporation (VCDC). As of the evaluation date, $5.9 million of the $6 million commitment has been invested. The VCDC is a tax credit fund manager that supports affordable housing and economic development throughout the Commonwealth of Virginia. JMB also invested $2.9 million in bonds to support the affordable housing efforts of the Housing Opportunity Community Partnership of Montgomery County, MD. In addition to these efforts, the bank has donated $6,083 to qualified organizations promoting community development initiatives within the assessment area.

Since the previous evaluation, JMB employees volunteered time and provided financial expertise to qualified organizations promoting community development throughout the assessment area. Bank employees and members of JMB's board of directors served in leadership positions and provided financial expertise to the following organizations: Alexandria Economic Development Partnership, Arlington Economic Development Commission, Arlington Industrial Development Authority, Carpenter's Shelter, Business Finance Group, Loudoun County Habitat for Humanity, Liberty's Promise, HomeAid Northern Virginia, The Boys and Girls Club of Prince William County, and the Prince William County Commercial Development Committee.

JMB's community development performance demonstrates satisfactory responsiveness to community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

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.

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 and Community Development 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 and Community Development 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.