



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

July 02, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Oak View National Bank
Charter Number 24849

128 Broadview Avenue
Warrenton, VA 20186

Office of the Comptroller of the Currency

250 E Street SW,
Mailstop DCFO-1
Washington, DC 20024

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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

The major factors supporting the institution's rating include:

- The bank's average loan-to-deposit ratio is reasonable, and meets the standards for satisfactory performance;
- A majority of the bank's loans were originated within the bank's assessment area;
- The bank's record of lending to borrowers of different income levels and businesses of different sizes reflects reasonable penetration; and
- The geographic distribution of loans reflects poor dispersion of low- and moderate-income census tracts within the assessment area. However, given the limited number of low- and moderate-income census tracts in the assessment area, we did not weight this factor heavily in the evaluation.

SCOPE OF EXAMINATION

This Small Bank Community Reinvestment Act (CRA) examination assesses the bank's performance under the lending test. The lending test evaluates the bank's record of meeting the credit needs of the assessment area through its lending activities.

The evaluation period for the lending test is June 8, 2009 through July 2, 2012. We reviewed residential related loans based on information reported under the Home Mortgage Disclosure Act (HMDA) for the years 2010 and 2011. Although Year-to-Date HMDA information is available through March 31, 2012, we were unable to use this data in our analysis as 2010 Census demographic reports are not yet available.

The primary loan products for this institution are HMDA-reportable mortgage loans and commercial loans. The bank collected and provided information on all HMDA-reportable mortgage loans originated and purchased during the review period. We tested the accuracy of the mortgage loan data, which we found to be accurate.

DESCRIPTION OF INSTITUTION

Oak View National Bank (OVNB) is an intrastate community bank headquartered in Warrenton, VA. The institution commenced operations in June 2009. This is the institution's first evaluation under the Community Reinvestment Act (CRA). OVNB is an independent community bank with no holding company or affiliate entities. There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of their assessment area.

The bank started with two full-service branches from inception – the main branch in Warrenton, VA and a location in Marshall, VA. Both branches are north of Hwy 28 in Fauquier County. A Loan Production Office was opened in August 2010, just outside of

Fauquier County in Culpeper, VA. The bank is considering establishing a full-service branch there in the near future. There are no additional facilities or equipment, such as Automated Teller Machines (ATMs), that offer banking services to the community.

As of March 31, 2012, OVNB has total assets of \$121 million. The loan portfolio is the primary asset of the institution, totaling \$99 million in net loans as of first quarter 2012. Recent growth has resulted in a number three ranking, as of June 30, 2011, for deposit share in Fauquier County at 6.94 percent. The bank’s primary focus is to provide services for small businesses and the individuals involved in those businesses, as well as to acquire local deposits through brand establishment as a clean community bank. The following chart provides an overview of the loan portfolio mix for OVNB:

| Loan Portfolio Summary by Loan Product | Dollar (000s) | Percent |
|---|----------------------|----------------|
| Commercial Real Estate: | \$30, 913 | 30.93% |
| Residential Mortgage Loans: | \$25, 610 | 25.63% |
| Investment Residential Mortgage Loans: | \$18, 237 | 18.25% |
| Commercial/Industrial: | \$13, 714 | 13.72% |
| All Construction, Consumer, and HELOC: | \$11, 459 | 11.47% |
| TOTAL: | \$99, 933 | 100.00% |

DESCRIPTION OF ASSESSMENT AREA(S)

The bank’s Assessment Area (AA) consists solely of Fauquier County, Virginia. Fauquier County is located in the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (MSA). Fauquier County is located in the northern portion of Virginia with centrally located Warrenton serving as county seat. The AA consists of 10 geographies, 1 of which is designated moderate-income, while 8 are designated middle-income, and 1 is designated upper-income. The following table shows detailed demographic data for the AA:

| Table 2 - Demographic Information for Fauquier County AA | | | | | |
|--|-----------|----------------------------|------------|---------------|--------------|
| Demographic Characteristics | # | Low % of # | Mod % of # | Middle % of # | Upper % of # |
| Geographies (Census Tracts) | 10 | 0% | 10% | 80% | 10% |
| Population by Geography | 55,139 | 0% | 16% | 73% | 11% |
| Owner-Occupied Housing by Geography | 15,113 | 0% | 14% | 74% | 12% |
| Businesses by Geography | 5,690 | 0% | 10% | 81% | 9% |
| Farms by Geography | 463 | 0% | 11% | 84% | 5% |
| Family Distribution by Census Tract | 15,208 | 0% | 16% | 73% | 11% |
| Family Distribution by Income Level | 15,208 | 18% | 19% | 26% | 37% |
| Median Family Income | \$70,168 | Median Housing Value | | \$183,035 | |
| Median Household Income | \$62,876 | Median Year Built | | 1976 | |
| 2011 HUD Adjusted Median Family Income for the MSA | \$106,100 | Average Monthly Gross Rent | | \$700 | |
| Households Below the Poverty Level | 6% | | | | |

Source: 2000 Census Data; www.eFannieMae.com

Economic Data

The largest employers in Fauquier County are the Fauquier County school system and Fauquier Hospital. Many residents commute to nearby Washington, D.C. and Fairfax, Loudoun counties and other nearby counties for employment opportunities with the federal government and government contractors. The bank is operating in a strong and diverse local economy benefitting from a stable federal government presence and related industry employment. Unemployment levels in the county are very low in relation to the nation as a whole, and even in comparison to the local Washington-Arlington-Alexandria MSA. Unemployment has declined from 4.7 percent in May 2011 to 4.4 percent as of May 2012 within Fauquier County. National unemployment rates over the same period were 8.7 percent and 7.9 percent. Unemployment in the state of Virginia has witnessed a similar decline over the same period from 6 percent to 5.5 percent.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Oak View National Bank’s net loan-to-deposit ratio is reasonable and meets the standards for satisfactory performance. The bank’s quarterly average net LTD ratio since the bank’s inception in 2009 is 82.32 percent. The LTD ratio has progressively improved since inception, with a low LTD ratio of 59.65 percent migrating to a high of 96.64 percent.

We did not complete a peer LTD ratio comparison as the results were not meaningful. There is only one other institution that is headquartered in Fauquier County; however, that institution is much larger and has been in operation significantly longer than OVNB. Further, even when the radius is expanded to surrounding counties there is not an appropriate peer, given the tenure and size of Oak View National Bank.

Lending in Assessment Area

Oak View National Bank’s lending in the assessment area is satisfactory. The following table sets forth the percentage of HMDA-reportable and business lending inside and outside the assessment area during the review period:

| Lending in the Assessment Area | | | | | | | | | | |
|---------------------------------------|-----------------|-------|---------|-------|-------|------------------------|-------|---------|-------|--------|
| Loan Type | Number of Loans | | | | | Dollars of Loans (000) | | | | |
| | Inside | | Outside | | Total | Inside | | Outside | | Total |
| | # | % | # | % | | \$ | % | \$ | % | |
| Mortgage Loans | 81 | 52.94 | 72 | 47.06 | 153 | 18,955 | 47.40 | 21,031 | 52.60 | 39,986 |
| Business Loans | 160 | 64.78 | 87 | 35.22 | 247 | 19,935 | 41.45 | 28,159 | 58.55 | 48,094 |
| Totals | 241 | 60.25 | 159 | 39.75 | 400 | 37,559 | 43.30 | 49,190 | 56.70 | 86,749 |

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

The distribution of loans to individuals in low- and moderate-income levels and to businesses of different sizes reflects reasonable penetration and meets the standards for satisfactory performance.

The following table illustrates the penetration of the bank’s lending during the review period:

| Borrower Distribution of Loans to Businesses in Fauquier County AA (2010-11) | | | | |
|---|--------------|--------------|-------------------------|-------|
| Business Revenues (or Sales) | ≤\$1,000,000 | >\$1,000,000 | Unavailable/ Unknown | Total |
| % of AA Businesses | 77.27 | 3.17 | 19.56 | 100% |
| % of Bank Loans in AA by # | 78.95 | 21.05 | 0.00 | 100% |
| % of Bank Loans in AA by \$ | 49.27 | 50.73 | 0.00 | 100% |

Source: Sample of loans; 2010-2011 combined Dunn & Bradstreet data.

The distribution of loans to small businesses reflects excellent penetration. Of the business loans originated/purchased during the review period, the bank made 79 percent to small businesses. Small businesses are defined as having gross annual revenues of one million dollars or less. The percentage of lending compares favorably to the percentage of small businesses in the assessment area. Due to the demographics showing that revenue data is not available for 20 percent of the businesses, we also reviewed the distribution of the bank’s loans by size. We found

that the average loan size for the bank’s business loans was \$195 thousand, which provides additional support for an excellent distribution of loans to small businesses.

Home Loans:

The distribution of home loans originated by Oak View National within their AA reflects reasonable penetration among borrowers of different income levels. The bank originated 11 home purchase loans to low- and moderate-income borrowers, totaling approximately \$1.8 million during the evaluation period, as well as providing over \$1 million in home refinance loans.

The bank’s performance in helping to meet the overall home loan needs of low-income borrowers in the AA is reasonable, with overall home lending comparing favorably to the percentage of low-income families residing in the area. Additionally, home lending to moderate-income borrowers in the AA is reasonable compared to the percentage of moderate-income families in the AA. Though lending in both income groups is below AA family distribution, these statistics are restrained by 27 percent of loans containing no reported income information on the HMDA-LAR.

| Table 2 - Borrower Distribution of Residential Real Estate Loans in Oak View National’s AA | | | | | | | | |
|--|------------------|----------------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|
| Borrower Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans |
| Mortgage Loans | 16.39 | 13.58 | 17.08 | 12.35 | 25.23 | 12.35 | 41.31 | 34.57 |

Source: 2010 & 2011 HMDA LAR data; 2000 US Census data.

Geographic Distribution of Loans

Oak View National’s geographic distribution of loans reflects poor dispersion throughout the bank’s AA. We did not heavily weight this assessment factor, given the limited amount of low- and moderate-income census tracts (no low-income and one moderate income) in the assessment area. Further, a large portion of the moderate-income census tract is oriented towards an adjacent country for banking needs.

Business Loans:

The geographic distribution of business loans reflects poor dispersion in census tracts of different income levels, specifically the sole moderate-income tract within the AA. Oak View National originated 9 business loans totaling \$1.1 million within the moderate-income tract, which results in a ratio of 5.63 percent of total loans in the AA. However, the 2010 Business Geo-demographic Data notes that 10.46 percent of businesses in the AA are located in the moderate-income tract.

Home Loans:

Oak View National’s overall geographic distribution of home loans reflects a reasonable dispersion throughout census tracts of different income levels, specifically the sole moderate-income tract within the AA. The number of originated loans compared favorably with the percentage of owner-occupied housing in the AA. The following chart shows the dispersion of residential real estate loans by income tract:

| Geographic Distribution of Real Estate Loans in Fauquier County AA | | | | | | | | |
|---|---|-------------------------------|---|-------------------------------|---|-------------------------------|---|-------------------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| | % of AA Owner Occupied Housing | % of Number of Loans |
| Mortgage Loans | N/A | N/A | 14.31 | 14.81 | 73.89 | 79.01 | 11.80 | 6.17 |

Source: 2010 & 2011 HMDA LAR data; 2000 US Census data.

Responses to Complaints

There have been no consumer complaints relating to the bank’s CRA performance, including meeting the credit needs of the assessment area. This section is not applicable at this time due to lack of opportunity.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.