



PUBLIC DISCLOSURE

June 13, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Chesapeake Bank

Kilmarnock, Virginia

**Federal Reserve Bank of Richmond
Richmond, Virginia**

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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214722

P.O. Box 1419

Kilmarnock, Virginia 22482

Federal Reserve Bank of Richmond

P. O. Box 27622

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INSTITUTION RATING

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 reasonable given its size, financial condition, and credit needs of its assessment areas.
- A substantial majority of the bank's Home Mortgage Disclosure Act (HMDA) and small business loans originated during the review period were located within its combined assessment areas.
- The bank's borrower distribution performance (lending to low- and moderate-income borrowers and small businesses with annual revenues of \$1 million or less) is considered reasonable overall.
- The bank's geographic distribution performance (lending in low- and moderate-income census tracts) is considered poor overall.
- The bank demonstrates an adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and services.
- The institution has not received any complaints regarding its CRA performance since the previous evaluation.

SCOPE OF EXAMINATION

Chesapeake Bank (CB) was evaluated using the interagency examination procedures for intermediate small institutions developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with the procedures, all reported HMDA loans from 2019 and 2020 were reviewed. Additionally, small business loans were identified as a primary product line and were considered in the evaluation. The analysis includes all small business loans originated by CB during calendar year 2020. Given its size, loan volume, and branch locations, CB is required to collect and report HMDA data, but it is not required to collect or report CRA data. CRA data includes information about a bank's small business and small farm lending.

As of the date of this evaluation, aggregate loan data from 2021 is not yet available for HMDA or CRA lending. Because aggregate data captures lending done under the same business and market conditions, it is an important performance context factor needed to evaluate the bank's lending performance. Consequently, the bank's 2021 HMDA and small business lending data is not included in this evaluation.

Qualified community development loans and services are considered since the previous evaluation (June 17, 2019). 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. To help determine the availability of community development opportunities in the assessment areas, the CRA public evaluations of other financial institutions within the assessment areas were reviewed. Additionally, members of the community were contacted to discern information about local economic conditions, local credit needs, performance of banks in the assessment areas, and potential community development opportunities.

CB serves a total of three assessment areas in the Commonwealth of Virginia. The bank’s operations are primarily concentrated in the Virginia Beach-Norfolk-Newport News, VA and Lancaster, VA NonMSA assessment areas. Consequently, these two assessment areas were reviewed using the FFIEC’s full scope procedures. The bank’s Richmond, VA assessment area was evaluated utilizing the FFIEC’s limited review procedures, and a determination was made as to whether performance was consistent with the bank’s overall assigned ratings. **Appendix A** includes information about the bank’s performance in the limited scope assessment area.

An overall rating and ratings for the Lending and Community Development Tests were assigned to the institution based on its performance within the assessment areas reviewed using full scope procedures. The ratings are weighted primarily according to bank activity as measured by relative lending volume, proportion of deposits, and the number of branches in each assessment area as outlined in **Appendix B**. In all cases, conclusions also take into consideration relevant performance context factors. When assigning the institution’s overall rating, the bank’s performance in the Virginia Beach-Norfolk-Newport News, VA assessment area is given greater weight than the Lancaster, VA assessment area, as a majority of the bank’s loans and deposits are located within this assessment area.

DESCRIPTION OF INSTITUTION

CB is headquartered in Kilmarnock, Virginia, and operates 16 full-service branch offices in central and eastern Virginia. The institution is a wholly owned subsidiary of Chesapeake Financial Shares, Inc., a single bank holding company also headquartered in Kilmarnock, Virginia. The bank’s previous CRA rating, dated June 17, 2019, was Satisfactory. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment areas.

As of March 31, 2022, CB reported \$1.3 billion in assets, of which 53% were net loans and 39.4% were securities. As of the same date, deposits totaled \$1.2 billion. Various deposit and loan products are available through the institution including loans for business, residential mortgage, and consumer purpose. The composition of the loan portfolio using gross loans is represented in the following table.

Composition of Loan Portfolio

Loan Type	3/31/2022	
	\$(000s)	%
Secured by 1-4 Family dwellings	159,026	22.1
Multifamily	19,836	2.8
Construction and Development	69,721	9.7
Commercial & Industrial/ NonFarm NonResidential	453,026	63.0
Consumer Loans and Credit Cards	7,941	1.1
Agricultural Loans/ Farmland	328	0.0
All Other	9,437	1.3
Total	719,315	100.0

As indicated in the preceding table, the bank’s loan portfolio is concentrated in commercial purpose and residential real estate secured loans. The bank offers other loans, such as consumer and construction and development loans; however, the volume of such lending is relatively small in comparison to its commercial and residential mortgage lending.

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) pandemic. Since the PPP was established, CB has originated 1,439 loans totaling approximately \$112.9 million. CB’s origination of PPP loans is an example of the bank being responsive to area credit needs.

Based on branch locations and lending patterns, the bank delineates three assessment areas located in central and eastern Virginia. While the bank has not closed any branch offices since the previous evaluation, it opened one new branch office in July 2020 as part of an LPO conversion and relocation in the Richmond, VA assessment area. The branch opening did not impact the bank's existing assessment area delineations. **Appendix C** includes information about the composition of the bank's assessment areas and its branching activity since the previous evaluation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

When evaluating the bank's HMDA performance, relevant area demographic data from the 2015 American Community Survey (ACS) is used as a proxy for demand. Dun and Bradstreet (D&B) business demographic data from 2020 is used as a proxy for demand when evaluating the bank's small business performance. 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 loan data is also used as a proxy for demand when evaluating the bank's HMDA and small business lending performance. The aggregate data includes all activity reported by lenders subject to reporting HMDA and CRA data, respectively, within the bank's assessment areas. Because the bank does not report CRA loan data, CB's small business loans are not included in the aggregate CRA data.

The borrower and geographic distribution of HMDA loans focused on performance for Home Purchase, Home Improvement, Refinancing, and Multi-family loan categories. Performance for the Not Applicable, Other Closed, and Other Line of Credit loan categories was not evaluated because not all HMDA reporters are required to report each loan category, or the category contains relatively few loans overall.

While HMDA loan data from calendar years 2019 and 2020 were fully analyzed and considered in the evaluation, only bank and aggregate data from 2020 are presented in the assessment area tables. In instances where the bank's 2019 performance varies significantly from its 2020 performance, such variance and the corresponding impact on overall performance is discussed. **Appendix D** includes the bank's 2019 lending performance tables to support any variance in conclusions discussed in the report.

During 2020, the bank was an active participant in the SBA's PPP. Consistent with data collection and reporting requirements of the program, financial institutions were not required to collect or report borrower revenue information for PPP loans. Since PPP loans represent a significant portion of CB's small business lending in 2020, examiners evaluated the borrower distribution performance for small business lending using loan size as a proxy for loans with revenues not available. Borrower distribution performance conclusions in 2020 consider the institution's percentage of small business loans in amounts of \$100,000 or less, with a higher percentage of small dollar loans considered to be more responsive to the needs of smaller-sized businesses and represent a favorable penetration among businesses of different sizes.

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

Overall, the bank's lending test is rated Satisfactory. This rating considers the bank's loan-to-deposit ratio, proportion of lending within its overall assessment area, borrower distribution performance, and geographic distribution performance.

The bank's community development performance is rated Satisfactory. This conclusion is based on the number and amount of qualified community development loans, investments, and services during the evaluation period, and the bank's responsiveness to identified local community development needs.

Loan-To-Deposit Ratio

The bank’s current loan-to-deposit ratio, as of March 31, 2022, equals 61.1% and averaged 63.4% for the 12-quarter period ending March 31, 2022. In comparison, the quarterly average loan-to-deposit ratios for six similarly situated institutions that operate in at least one of CB’s assessment areas ranged from 65.2% to 101.6% during the same 12-quarter period. Since June 30, 2019, CB’s assets, net loans, and deposits have increased by 44.2%, 25.8%, and 41.8% respectively. The bank’s loan-to-deposit ratio is considered reasonable given the institution’s size, financial condition, and local credit needs.

Lending in Assessment Areas

To determine the institution’s volume of lending within its assessment areas, the geographic location of the bank’s 2019 and 2020 HMDA and 2020 small business loans was considered. The lending distribution inside and outside of the bank’s assessment areas 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	291	85.6	70,530	84.6	49	14.4	12,876	15.4
Home Improvement	5	100.0	337	100.0	0	0.0	0	0.0
Refinancing	442	81.4	105,299	82.3	101	18.6	22,659	17.7
Multi-Family Housing	0	0.0	0	0.0	1	100.0	694	100.0
Loan Purpose Not Applicable	0	0.0	0	0.0	0	0.0	0	0.0
Other Purpose Closed/Exempt	6	85.7	588	86.7	1	14.3	90	13.3
Other Purpose LOC	0	0.0	0	0.0	0	0.0	0	0.0
Total HMDA related	744	83.0	176,754	83.0	152	17.0	36,319	17.0
Small Business	963	87.4	74,123	84.0	139	12.6	14,128	16.0
TOTAL LOANS	1,707	85.4	250,877	83.3	291	14.6	50,447	16.7

As indicated in the preceding table, a substantial majority of the total number (85.4%) and dollar amount (83.3%) of HMDA and small business loans were extended within the bank’s assessment areas. Overall, the institution’s level of lending within its assessment areas 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 performance is considered reasonable for HMDA and small business lending within both the Virginia Beach-Norfolk-Newport News, VA and Lancaster, VA NonMSA assessment areas, and therefore, performance is reasonable for the institution overall.

Geographic Distribution of Loans

CB’s geographic distribution performance varies by product and is considered poor overall for the Virginia Beach-Norfolk-Newport News, VA assessment area and reasonable overall for the Lancaster, VA assessment area. As previously noted, the Virginia Beach-Norfolk-Newport News, VA assessment area carries greater weight in determining the institution’s overall performance; therefore, CB’s geographic distribution performance is considered poor overall.

While overall performance is poor, geographic distribution performance carries less weight than borrower distribution performance in determining the bank’s overall lending test performance given the absence of low-income census tracts and limited number of moderate-income census tracts in the bank’s full-scope assessment areas.

Community Development Loans, Investments, and Services

CB supports community development initiatives that benefit its assessment areas and the larger statewide area by making qualified loans and investments and providing qualified services to local organizations. Discussions with individuals knowledgeable of the local communities, as well as a review of community development activities of other financial institutions that operate in CB's assessment areas, indicate that local community development opportunities are reasonably available within the assessment areas. While the COVID-19 pandemic limited the number of opportunities for community development service activities during 2020 and 2021, the bank otherwise faces no constraints in providing community development loans, investments, and services.

The following summarizes the bank's total community development activity during the review period:

- Five community development loans totaling \$9.4 million
- Eight qualified community development investments totaling \$3.2 million
- Forty-nine qualified donations totaling \$468,105
- Bank employees used their financial expertise to support eight different organizations that provide community development services throughout the bank's assessment areas.

Qualified community development activities that benefit multiple assessment areas or the broader statewide and regional area that include the bank's three assessment areas are as follows:

- One loan totaling \$2 million was made to an organization that provides clinical and support services to low- and moderate-income residents within the bank's Virginia Beach-Norfolk-Newport News, VA, Lancaster, VA NonMSA, and Richmond, VA assessment areas.
- Two investments totaling \$1 million in the Virginia Housing Development Authority (VHDA). The VHDA promotes affordable housing by financing single- and multi- family mortgages for low-and moderate-income individuals throughout the Commonwealth of Virginia.
- Five investments totaling \$1.4 million in equity funds established by the Virginia Community Development Corporation (VCDC). The VCDC is a non-profit organization that revitalizes communities by facilitating affordable housing, redevelopment of historic properties, and community revitalization throughout the Commonwealth of Virginia. These equity investments have specifically benefited the bank's Richmond, VA assessment area, as well as other areas within the Commonwealth of Virginia.
- One investment totaling \$755,600 in a small business investment corporation (SBIC) fund that provides financing to small businesses within the regional area. In total, the bank has committed to invest \$2 million in the SBIC.
- Six qualified donations totaling \$64,874 to organizations that provide services within multiple assessment areas or the larger statewide area including the bank's assessment areas.

Details of additional community development activities that benefit specific assessment areas are discussed in subsequent sections of this report. The bank's overall level of community development activities is considered adequate.

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 VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA ASSESSMENT AREA

The Virginia Beach-Norfolk-Newport News, VA assessment area is located in eastern Virginia primarily serves the Middle Peninsula region and includes a portion of the full Virginia Beach-Norfolk-Newport News, VA-NC MSA. The delineation consists of Mathews, Gloucester, and James City Counties in their entirety, four census tracts in York County, and the City of Williamsburg. The bank operates eight branch offices in this market.

Recent data (June 30, 2021) from the FDIC indicates that CB ranks 4th out of 12 institutions in local deposit market share, holding 15.3% of area deposits (excluding credit union deposits). According to 2020 aggregate HMDA loan data, the institution ranked 11th out of 361 lenders in reported home mortgage lending with a 2.1% market share.

According to 2015 ACS data, the assessment area has a population of 147,511 and a median housing value of \$275,825. Within the assessment area, the owner-occupancy rate equals 63.2%, which exceeds the owner-occupancy rate for the Commonwealth of Virginia (59.2%) and the entire Virginia Beach-Norfolk-Newport News, VA-NC MSA (55.5%). The percentage of families living below the poverty level in the assessment area (6.2%) is lower than the percentages in the Commonwealth of Virginia (8.2%) and the Virginia Beach-Norfolk-Newport News, VA-NC MSA (9.5%).

The HUD estimated median family incomes for the MSA during the review period are detailed in the following table.

Median Family Income	2019	2020	2021
Virginia Beach-Norfolk-Newport News, VA-NC MSA	\$75,800	\$78,800	\$80,800

The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Virginia Beach-Norfolk-Newport News, VA (Based on 2015 ACS Data and 2020 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	5,572	14.2
Moderate	4	13.8	2,906	7.4	588	20.2	6,586	16.8
Middle	12	41.4	15,474	39.4	903	5.8	7,518	19.2
Upper	12	41.4	20,869	53.2	936	4.5	19,573	49.8
NA	1	3.4	0	0.0	0	0.0		
Total	29	100.0	39,249	100.0	2,427	6.2	39,249	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	10,551	18.7
Moderate	2,255	5.4	4,367	7.7	820	18.8	8,225	14.6
Middle	16,534	39.8	23,022	40.9	2,338	10.2	10,264	18.2
Upper	22,780	54.8	28,968	51.4	1,892	6.5	27,317	48.5
NA	0	0.0	0	0.0	0	0.0		
Total	41,569	100.0	56,357	100.0	5,050	9.0	56,357	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	367	5.1	330	4.9	34	8.4	3	4.8
Middle	2,945	40.7	2,753	40.7	171	42.1	21	33.9
Upper	3,926	54.2	3,687	54.4	201	49.5	38	61.3
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	7,238	100.0	6,770	100.0	406	100.0	62	100.0
Percentage of Total Businesses:				93.5		5.6		0.9

*NA-Tracts without household or family income as applicable

This assessment area is on the eastern side of Virginia and contains a portion of the Middle Peninsula, which is relatively rural and borders the Chesapeake Bay. The City of Williamsburg is a popular tourist destinations and location of The College of William and Mary. Area employment opportunities exist within health services, retail trade, and leisure and hospitality. Major area employers include the Gloucester County School System, Mathews County School Board, Williamsburg-James City County School Board, WalMart, and The College of William and Mary. The following table reflects unemployment rates since the previous evaluation.

Geographic Area	May-19	May-20	May-21	May-22
Mathews County, VA	2.8%	7.1%	3.2%	3%
Gloucester County, VA	2.6%	8.3%	3.4%	2.7%
James City County, VA	2.7%	11.5%	4.1%	3.1%
York County, VA	2.7%	8.9%	3.5%	2.9%
City of Williamsburg, VA	4%	13.1%	5.2%	4.2%
Virginia Beach-Norfolk-Newport News, VA-NC MSA	3.1%	10.7%	4.7%	3.4%
Commonwealth of Virginia	2.8%	9.5%	4.1%	3%

As indicated in the table above, unemployment rates within the assessment area were low prior to 2020, rose sharply during 2020 because of the COVID-19 pandemic, and began to decline during 2021. Unemployment rates for the area have stabilized and are only slightly above pre-pandemic levels. The City of Williamsburg’s rate remains higher than both the MSA and statewide rates. Otherwise, the level of unemployment within the assessment area is generally lower or equal to the MSA and statewide levels of unemployment.

A local affordable housing official was contacted during the evaluation to discuss local economic conditions and community credit needs. She described the local economy as relatively stable, but it continues to experience the consequences of economic hardships. Specifically, there is a need for construction and designation of additional affordable housing units. While the contact indicated that area financial institutions are reasonably serving the banking needs of the local community, she indicated that there are potential partnerships between financial institutions and organizations for community development purposes.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

Within the assessment area, the bank originated HMDA loans totaling \$58.1 million and small business loans totaling \$44.6 million during 2020. Accordingly, the bank’s HMDA lending performance is given more weight than its small business performance when evaluating the bank’s overall lending performance.

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

Within this assessment area, the bank’s distribution of HMDA and small business lending reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses with annual revenues of \$1 million or less per year.

Distribution of HMDA Loans by Income Level of Borrower

Virginia Beach-Norfolk-Newport News, VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	19	8.3	2,612	4.9	378	4.7	53,413	2.5
Moderate	25	10.9	3,984	7.5	1,487	18.5	292,506	13.4
Middle	50	21.7	10,026	18.9	2,081	25.9	509,405	23.4
Upper	136	59.1	36,348	68.7	4,095	50.9	1,321,343	60.7
Total	230	100.0	52,970	100.0	8,041	100.0	2,176,667	100.0
<i>Unknown</i>	<i>16</i>		<i>5,168</i>		<i>3,340</i>		<i>1,033,870</i>	

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

During 2020, the bank’s residential mortgage lending to low-income borrowers (8.3%) lagged the percentage of low-income families in the area (14.2%), but significantly exceeded the aggregate level of lending (4.7%) to such borrowers. The bank’s lending to moderate-income borrowers (10.9%) lagged the percentage of moderate-income families in the area (16.8%) as well as the aggregate level of lending to such borrowers (18.5%). CB’s 2020 performance is considered reasonable in large part because of the strength of its lending performance to low-income borrowers.

During 2019, the bank originated 119 residential mortgage loans within the assessment area totaling \$23.9 million, where borrower incomes were known. Of the total loans, 12 (10.1%) loans totaling \$1.1 million (4.5%) were originated to low-income borrowers, while 27 (22.7%) loans totaling \$3.8 million (15.9%) were originated to moderate-income borrowers. When compared to the percentage of loans reported by aggregate lenders to low- and moderate-income borrowers (5.1% and 17.9%, respectively) and the proportion of area low- and moderate-income families (14.2% and 16.8%, respectively), CB’s performance in 2019 is considered excellent.

Overall, the bank’s HMDA lending is considered reasonable based upon the relative performance levels and volume of lending each year.

Distribution of Lending by Loan Amount and Size of Business

Virginia Beach-Norfolk-Newport News, VA (2020)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	43	6.7	6,318	14.2	1,210	40.7	38,262	26.0
Over \$1 Million	21	3.3	3,231	7.3	NA	NA	NA	NA
Unknown	577	90.0	35,006	78.5	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	524	81.7	15,315	34.4	2,653	89.2	51,702	35.1
\$100,001-\$250,000	73	11.4	10,921	24.5	188	6.3	29,367	19.9
\$250,001-\$1 Million	44	6.9	18,319	41.1	133	4.5	66,199	45.0
Total	641	100.0	44,555	100.0	2,974	100.0	147,268	100.0

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

As previously mentioned, the bank’s participation in PPP represented a significant portion of small business lending in 2020 and revenue information was not available for these loans (consistent with data collection and reporting requirements of the program) when determining the bank’s lending performance among businesses of different sizes. Given this, loan size was used as a proxy for loans with revenues not available and consideration was given to the institution’s percentage of small business loans made in amounts of \$100,000 or less. A higher percentage of smaller dollar loans is generally considered more responsive to the needs of smaller-sized businesses and demonstrates a favorable penetration among businesses of different sizes. During 2020, a significant majority (81.7%) of the bank’s small business loans were in amounts of \$100,000 or less (81.7%). This level of lending is also somewhat comparable to the aggregate level of lending based on loan size (89.2%), and is considered reasonable.

Geographic Distribution of Loans

The bank’s geographic distribution performance for HMDA lending is considered very poor, while small business lending is considered reasonable. Overall, the combined geographic distribution of loans is considered poor when considering dollar volume of lending by product and the relative strength of performance by product and year.

Distribution of HMDA Loans by Income Level of Census Tract

Virginia Beach-Norfolk-Newport News, VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(77) Home Purchase				(4,469)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	2	2.6	460	2.4	279	6.2	65,534	5.1
Middle	48	62.3	12,486	66.0	1,628	36.4	421,161	32.5
Upper	27	35.1	5,975	31.6	2,562	57.4	810,719	62.4
	(166) Refinance				(6,673)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	272	4.1	66,870	3.6
Middle	91	54.8	20,276	52.1	2,281	34.2	556,224	29.6
Upper	75	45.2	18,669	47.9	4,120	61.7	1,256,727	66.8
	(3) Home Improvement				(233)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	9	3.9	700	3.1
Middle	1	33.3	52	19.1	77	33.0	6,616	29.5
Upper	2	66.7	220	80.9	147	63.1	15,127	67.4
	(0) Multi-Family				(5)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	0	0.0	0	0.0	3	60.0	4,582	43.3
Upper	0	0.0	0	0.0	2	40.0	6,000	56.7
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	2	0.8	460	0.8	560	4.9	133,104	4.1
Middle	140	56.9	32,814	56.4	3,989	35.0	988,583	30.8
Upper	104	42.3	24,864	42.8	6,831	60.1	2,088,573	65.1
NA*	0	0.0	0	0.0	1	0.0	277	0.0
Total	246	100.0	58,138	100.0	11,381	100.0	3,210,537	100.0

NA*-Tracts without household or family income as applicable

Based on 2015 ACS data, there are no low-income census tracts and only four moderate-income census tracts within the assessment area, which somewhat limits the bank’s lending opportunities in such tracts. During 2020, refinance and home purchase loans were extended most frequently by the bank and aggregate lenders. CB did not extend any multifamily loans during 2020; therefore, this loan category was not considered in the overall performance. Considering both demographic and aggregate proxies for demand, the bank’s performance for refinance and home improvement lending is considered very poor, while home purchase lending is considered poor.

Overall during 2020, CB’s level of lending in moderate-income census tracts (.8%) significantly lagged the percentage of owner-occupied housing units located in moderate-income tracts (5.4%) and the aggregate level of lending (4.9%). The bank’s performance during 2020 is considered very poor, and its performance during 2019 is substantially similar.

Distribution of Small Business Loans by Income Level of Census Tract

Virginia Beach-Norfolk-Newport News, VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	25	3.9	1,878	4.2	130	4.4	9,104	6.2
Middle	287	44.8	21,526	48.3	1,124	38.2	58,283	39.9
Upper	329	51.3	21,151	47.5	1,689	57.4	78,771	53.9
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	641	100.0	44,555	100.0	2,943	100.0	146,158	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 moderate-income census tracts (3.9%) slightly lagged both the percentage of businesses located in moderate-income census tracts (5.1%) and the aggregate level of lending (4.4%). The bank’s small business geographic distribution performance during 2020 is considered reasonable.

Community Development Loans, Investments, and Services

A discussion with an individual knowledgeable of the local community and the review of performance evaluations of other financial institutions having a local presence indicate that community development opportunities are reasonably available within the assessment area. Notwithstanding the limited service opportunities during the COVID-19 pandemic, the bank faces no constraints in providing community development loans, investments, and services consistent with its capacity and available opportunities.

During the evaluation period, the bank supported community development initiatives by making qualified loans and investments and by providing community development services. As previously noted, the bank holds eight qualified investments totaling \$3.2 million and made one community development loan totaling \$2 million that benefit the larger statewide and regional area, including this assessment area. In addition, the bank and its employees participated in the following qualified community development activities specific to this assessment area:

- Two loans totaling \$2.8 million were made to a local organization that provides social services for low- and moderate-income people.
- Twenty-four charitable donations totaling \$127,011 were made during the evaluation period to organizations that provide qualified community development services.
- An employee of the bank is the Board President of Peninsula Reads, which provides social services for low- and moderate-income people.
- Several employees of the bank participated in presenting a financial literacy class for low- and moderate-income individuals.
- A bank employee serves as the Treasurer of Grove Christian Outreach Center, which provides social services to low- and moderate-income individuals and families.

Overall, the bank has demonstrated an adequate level of responsiveness to local community development needs through its lending and investment activities and support of area organizations that facilitate community development.

METROPOLITAN AREAS

(For each metropolitan area reviewed using limited-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 assessment areas, including selected demographic data, is included in **APPENDIX A** and **APPENDIX C** 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 A** of this evaluation. A conclusion regarding performance, which did not impact the institution’s overall rating, is included in the following table. For each test, the conclusion conveys whether performance in an assessment area was generally below, consistent with, or exceeded the institution's overall rating.

Assessment Area	Lending Test	Community Development Test
Richmond, VA Assessment Area	Consistent	Consistent

NONMETROPOLITAN AREA

(If some or all of the assessment areas within the nonmetropolitan statewide area were reviewed using full-scope review)

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN LANCASTER, VA
NONMETROPOLITAN ASSESSMENT AREA**

CB’s nonmetropolitan assessment area is located in the Northern Neck region of eastern Virginia. The bank operates four branch offices in the Lancaster, VA NonMSA assessment area which serves Lancaster, Northumberland, and Middlesex Counties in the Commonwealth of Virginia in their entirety.

As of June 30, 2021, CB ranked 2nd out of eight financial institutions in deposit market share and held 23.5% of local deposits (excluding credit union deposits) according to data compiled by the FDIC. Additionally, according to 2020 aggregate HMDA data, the bank ranked 1st out of 247 lenders in reported home mortgage lending with a 7.6% market share.

Based on 2015 ACS data, the assessment area served by the bank has a total population of 34,150 and a median housing value of \$239,676. Within the assessment area, the owner-occupancy rate equals 52%, which is below both the owner-occupancy rates for the Commonwealth of Virginia (59.2%) and the nonmetropolitan areas of Virginia (57.8%). The percentage of families living below the poverty level in the assessment area (7.6%) is also below both the rates for the Commonwealth of Virginia (8.2%) and the nonmetropolitan areas of Virginia (13.3%).

The HUD estimated median family income for nonmetropolitan areas of Virginia during 2019, 2020, and 2021 are included in the following table.

Median Family Income	2019	2020	2021
Statewide Nonmetropolitan Virginia Area	\$56,100	\$58,100	\$58,900

The following table provides pertinent demographic data for the assessment area.

Assessment Area Demographics

Lancaster, VA NonMSA (Based on 2015 ACS Data and 2020 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,402	14.1
Moderate	0	0.0	0	0.0	0	0.0	1,442	14.5
Middle	3	23.1	2,880	29.0	252	8.8	2,058	20.7
Upper	7	53.8	7,056	71.0	498	7.1	5,034	50.7
NA	3	23.1	0	0.0	0	0.0		
Total	13	100.0	9,936	100.0	750	7.5	9,936	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,902	18.9
Moderate	0	0.0	0	0.0	0	0.0	1,882	12.2
Middle	3,560	28.7	4,334	28.2	551	12.7	2,386	15.5
Upper	8,833	71.3	11,033	71.8	1,339	12.1	8,197	53.4
NA	0	0.0	0	0.0	0	0.0		
Total	12,393	100.0	15,367	100.0	1,890	12.3	15,367	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	466	27.7	416	27.0	43	34.1	7	41.2
Upper	1,217	72.3	1,124	73.0	83	65.9	10	58.8
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	1,683	100.0	1,540	100.0	126	100.0	17	100.0
	Percentage of Total Businesses:			91.5		7.5		1.0

*NA-Tracts without household or family income as applicable

According to data published by the FFIEC in both 2019 and 2020, one of the three middle-income census tracts in this assessment area has been designated as underserved. The underserved middle-income census tract is located in Northumberland County. Underserved tracts are typically located in rural communities that are distant from more urban population centers and may lack certain community services and/or infrastructure. The remaining middle-income census tracts in the assessment area are located in Middlesex County and were not designated as being distressed or underserved during the review period.

The Lancaster, VA assessment area is on the eastern coastline of Virginia along the Chesapeake Bay. The area is relatively rural and the local economy is primarily dependent on tourism, agriculture, manufacturing, and seafood industries. Major employers include Manufacturing Techniques Inc., Bon Secours Health System, Rappahannock Westminster Canterbury, and Middle Peninsula Northern Neck Mental Health Center. The following table reflects unemployment rates since the previous evaluation.

Geographic Area	May-19	May-20	May-21	May-22
Lancaster County, VA	3.5%	9.6%	5.4%	3.4%
Middlesex County, VA	2.5%	7.6%	3.5%	2.7%
Northumberland County, VA	3.7%	7.7%	4.8%	3.4%
Commonwealth of Virginia	2.8%	9.5%	4.1%	3%

As indicated by the preceding table, unemployment rates within the assessment area were low and stable prior to 2020, rose sharply during 2020 because of the pandemic, declined during 2021, and have continued to decline to pre-pandemic levels during 2022. Overall, the level of unemployment within the assessment area is relatively comparable to the statewide level of unemployment, with Lancaster and Northumberland counties just slightly above.

A community development official was contacted during the evaluation to discuss local economic conditions and community credit needs. She described the local economy as stable; however, affordable housing lending opportunities exist within the area, as well as partnerships between local financial institutions and affordable housing organizations for community development purposes. The contact indicated that area financial institutions are reasonably meeting the banking needs of the local community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

Within the assessment area, the bank originated HMDA loans totaling \$46.9 million and small business loans totaling \$10.3 million during 2020. Accordingly, the bank’s HMDA lending performance is given more weight than its small business performance when evaluating the bank’s overall lending performance.

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

The bank’s borrower distribution performance is considered reasonable for both HMDA and small business lending in this assessment area.

Distribution of HMDA Loans by Income Level of Borrower

Lancaster, VA NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	7	3.9	663	1.4	49	2.5	5,249	1.0
Moderate	17	9.4	2,141	4.7	191	9.6	26,570	5.0
Middle	26	14.4	4,595	10.0	264	13.3	45,173	8.5
Upper	130	72.3	38,591	83.9	1,478	74.6	451,758	85.5
Total	180	100.0	45,990	100.0	1,982	100.0	528,750	100.0
Unknown	5		922		331		92,086	

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

During 2020, the bank’s residential mortgage lending to low-income borrowers (3.9%) lagged the percentage low-income families in the area (14.1%) but exceeded the aggregate level of lending (2.5%) to such borrowers. The bank’s lending to moderate-income borrowers (9.4%) lagged the percentage of moderate-income families in the area (14.5%) but approximated the aggregate level of lending (9.6%). The bank’s performance during 2020 is considered reasonable, and its performance during 2019 is substantially similar.

Distribution of Lending by Loan Amount and Size of Business

Lancaster, VA NonMSA (2020)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	9	5.1	617	6.0	284	34.6	10,648	33.3
Over \$1 Million	10	5.7	2,019	19.6	NA	NA	NA	NA
Unknown	156	89.2	7,676	74.4	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	146	83.4	3,890	37.7	753	91.8	15,619	48.8
\$100,001-\$250,000	24	13.7	3,581	34.7	48	5.9	7,188	22.5
\$250,001-\$1 Million	5	2.9	2,842	27.6	19	2.3	9,193	28.7
Total	175	100.0	10,313	100.0	820	100.0	32,000	100.0

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

As previously mentioned, the bank’s participation in PPP represented a significant portion of small business lending in 2020 and revenue information was not available for these loans (consistent with data collection and reporting requirements of the program) when determining the bank’s lending performance among businesses of different sizes. Instead, loan size was used as a proxy for loans with revenues not available and consideration was given to the institution’s percentage of small business loans made in amounts of \$100,000 or less. A higher percentage of smaller dollar loans is considered more responsive to the needs of smaller-sized businesses and demonstrates a favorable penetration among businesses of different sizes. During 2020, the bank’s originated a large majority of its small business loans in amounts of \$100,000 or less (83.4%). While this level of lending is slightly below the aggregate level (91.8%), overall it is considered reasonable.

Geographic Distribution of Loans

There are no low- or moderate-income census tracts within this assessment area; however, there are three middle-income and seven upper-income census tracts. As previously noted, one of the middle-income tracts is designated as being underserved during the review period. Given the absence of low- and moderate-income tracts, the distribution of CB’s lending in middle- and upper-income geographies, particularly the underserved middle-income tract, was analyzed.

CB’s geographic distribution performance is considered reasonable for HMDA lending, in large part because of the concentration of lending in the underserved middle-income census tract. Geographic distribution performance is considered poor for small business lending. Overall, considering the greater weight afforded to HMDA lending, the bank’s geographic distribution performance is considered reasonable overall.

Distribution of HMDA Loans by Income Level of Census Tract

Lancaster, VA NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(89)				(1,091)			
	Home Purchase							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	12	13.5	3,559	15.8	258	23.6	64,968	21.1
Upper	77	86.5	18,967	84.2	833	76.4	242,836	78.9
	(95)				(1,165)			
	Refinance							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	8	8.4	1,562	6.4	284	24.4	67,923	22.2
Upper	87	91.6	22,797	93.6	881	75.6	238,382	77.8
	(1)				(55)			
	Home Improvement							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	0	0.0	20	36.4	1,519	23.6
Upper	1	100.0	27	100.0	35	63.6	4,928	76.4
	(0)				(2)			
	Multi-Family							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	0	0.0	1	50.0	180	64.3
Upper	0	0.0	0	0.0	1	50.0	100	35.7
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	20	10.8	5,121	10.9	563	24.3	134,590	21.7
Upper	165	89.2	41,791	89.1	1,750	75.7	486,246	78.3
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	185	100.0	46,912	100.0	2,313	100.0	620,836	100.0

NA*-Tracts without household or family income as applicable

Home purchase and refinance loans were extended most frequently by CB and the aggregate lenders. When considering the bank’s performance by loan product type, its home purchase and refinance lending in middle-income census tracts are both considered poor. Given the limited volume of home improvement and multi-family loans in the assessment area reported by the bank and aggregate lenders, the bank’s lack of lending in middle-income census tracts for these loan types is not considered detrimental to the bank’s overall level of performance.

Overall, the bank’s level of lending in middle-income census tracts during 2020 (10.8%) lagged the percentage of owner-occupied housing units (28.7%) and the aggregate lending level (24.3%) in such areas. However, the bank’s residential mortgage lending within middle-income geographies was responsive to the underserved census tract in the assessment area. Of the 20 loans reported by the bank in middle-income census tracts, eight loans (40%) were extended in the underserved tract. The bank’s performance in middle-income census tracts is considered reasonable, largely because of the bank’s lending in the underserved census tract of the assessment area.

During 2019, the bank originated 65 HMDA loans within the assessment area totaling \$13 million. Of the total loans, four (6.2%) loans totaling \$855,000 (6.6%) were originated in middle-income census tracts. While this level of lending lagged the aggregate lending level in such tracts (28%) and the percentage of owner-occupied units in middle-income census tracts (28.7%), CB’s lending within middle-income geographies was responsive to the underserved census tract in the assessment area. Of the four loans reported by the bank in middle-income census tracts, two loans (50%) were extended in the underserved tract. The bank’s performance in middle-income census tracts is considered reasonable.

CB’s HMDA lending performance is considered reasonable in large part based on the percentage of lending in middle-income geographies that penetrated the one underserved middle-income census tract.

Distribution of Small Business Loans by Income Level of Census Tract

Lancaster, VA NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	21	12.0	1,101	10.7	290	35.9	11,418	36.4
Upper	154	88.0	9,212	89.3	517	64.1	19,993	63.6
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	175	100.0	10,313	100.0	807	100.0	31,411	100.0

**NA-Tracts without household or family income as applicable
Loans where the geographic location is unknown are excluded from this table.*

During 2020, 12% of CB’s small business loans were originated within the assessment area’s middle-income census tracts. The bank’s level of lending lagged the percentage of area businesses (27.7%) and the aggregate level of lending (35.9%) in middle-income census tracts. Additionally, the bank extended 21 loans in middle-income geographies, but only one of those loans (4.8%) was located in the underserved middle-income census tract. The bank’s performance during 2020 is considered poor.

Community Development Loans, Investments, and Services

A discussion with an individual knowledgeable of the local community and the review of performance evaluations of other local financial institutions indicated that community development opportunities are reasonably available within the assessment area. Notwithstanding the limited service opportunities during the COVID-19 pandemic, the bank faces no constraints in providing community development loans, investments, and services consistent with its capacity and available opportunities.

As previously noted, the bank holds eight qualified investments totaling \$3.2 million and made one community development loan totaling \$2 million that benefit the larger statewide and regional area, including this assessment area. Specific to this assessment area, CB supported local community development efforts by making twelve charitable donations totaling \$258,575 to organizations that provide community development services within the assessment area during the evaluation period.

The bank originated one qualified community development loan, a \$1.5 million PPP loan, within the assessment area during the evaluation period.

Since the previous evaluation, CB and its employees have volunteered their time and provided financial expertise to the following organizations that provide community development services targeted to low- and moderate-income residents and facilitate economic development within the assessment area:

- Rappahannock Community College Foundation- An officer of the bank serves on the Audit and Investment Committee of the board of the foundation which provides financial aid to low- and moderate-income students.
- Bellamy United Methodist Church Food and Diaper Pantry- An employee of the bank actively participates and organizes the food and basic needs pantry.
- Boys and Girls Club of the Northern Neck- An employee of the bank serves as Vice Chairman of the board of directors for the organization which provides social services for children from low- and moderate-income families.

As previously stated, the assessment area contains no low- or moderate-income census tracts; however, systems for delivering retail-banking services appear effective and are accessible to all portions of the assessment area. CB also offers free and low-cost checking accounts, which can benefit low- and moderate-income customers.

Overall, the bank has demonstrated an adequate level of responsiveness to local community development needs through its lending and investment activities and support of area organizations that facilitate community development.

CRA APPENDIX A
LIMITED REVIEW TABLES

Richmond, VA Assessment Area

The bank operates four branch offices that serve Chesterfield and Henrico Counties, and the City of Richmond, Virginia in their entirety. The assessment area includes a portion of the full Richmond, VA MSA. According to 2015 ACS data, the assessment area contains 28 low- and 48 moderate-income census tracts out of 201 total tracts.

Performance Test Data for Richmond, VA Assessment Area

Limited Review Lending Table

Richmond, VA (2020)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(34)				(0)			
Low	7	20.6	6.4	5.2	0	0.0	3.3	5.2
Moderate	5	14.7	17.1	17.8	0	0.0	10.2	17.8
Middle	7	20.6	33.8	35.8	0	0.0	27.9	35.8
Upper	15	44.1	42.8	41.1	0	0.0	58.7	41.1
	Refinance				Multi-Family			
<i>Geographic</i>	(56)				(0)			
Low	10	17.9	2.9	5.2	0	0.0	18.2	5.2
Moderate	14	25.0	11.5	17.8	0	0.0	38.0	17.8
Middle	8	14.3	30.5	35.8	0	0.0	21.5	35.8
Upper	24	42.9	55.1	41.1	0	0.0	22.3	41.1
	HMDA Totals				Consumer			
<i>Geographic</i>	(90)				(NA)			
Low	17	18.9	4.2	5.2	NA	NA	NA	NA
Moderate	19	21.1	13.5	17.8	NA	NA	NA	NA
Middle	15	16.7	31.6	35.8	NA	NA	NA	NA
Upper	39	43.3	50.6	41.1	NA	NA	NA	NA
<i>Borrower</i>	(63)				(NA)			
Low	2	3.2	7.7	21.1	NA	NA	NA	NA
Moderate	4	6.3	22.3	17.6	NA	NA	NA	NA
Middle	12	19.0	24.4	19.7	NA	NA	NA	NA
Upper	45	71.4	45.6	41.6	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(145)				(NA)			
Low	8	5.5	6.1	6.8	NA	NA	NA	NA
Moderate	33	22.8	21.0	22.4	NA	NA	NA	NA
Middle	30	20.7	30.5	31.2	NA	NA	NA	NA
Upper	74	51.0	42.4	39.3	NA	NA	NA	NA
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	21	14.3	46.7	92.1	NA	NA	NA	NA

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 borrower distribution performance is considered poor for HMDA loans and reasonable for small business lending. The bank's geographic distribution performance is excellent for HMDA loans and reasonable for small business loans. Overall, the bank's borrower distribution performance is slightly weaker in this market compared to the full scope areas reviewed, while its geographic performance is comparatively stronger.

Community Development Loans, Investments, and Services

As previously stated, the bank holds several investments that benefit the broader statewide or regional area, including the Richmond, VA assessment area. Additional community development activities that benefit this assessment area include:

- One PPP loan totaling \$3.2 million to a local business retaining jobs for area low- and moderate-income residents.
- Seven qualified donations totaling \$17,645
- An officer of the bank serves on the board of directors of BizWorks Enterprise Center which promotes economic development by supporting small businesses.

Overall, the bank's participation in community development activities is considered adequate relative to its more limited presence in this assessment area.

CRA APPENDIX B

LOAN, BRANCH, AND DEPOSIT VOLUME BY ASSESSMENT AREA

The following table includes the distribution of branch offices, along with deposit and loan volume. The deposit volume includes all bank deposits and is current as of June 30, 2021, while the loan volume includes all HMDA and small business loans considered in the evaluation.

Assessment Area	Loan Volume				Branches		Deposit Volume as of (6/30/2021)	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Lancaster, VA NonMSA	427	25%	\$70,276	28%	4	25%	\$300,775	27.7%
Virginia Beach-Norfolk-Newport News, VA	1,018	59.6%	\$128,904	51.4%	8	50%	\$678,300	62.4%
Richmond, VA	262	15.4%	\$51,698	20.6%	4	25%	\$107,871	9.9%
TOTAL	1707	100%	\$250,878	100%	16	100%	\$1,086,946	100%

CRA APPENDIX C

ASSESSMENT AREA DELINEATIONS AND BRANCHING ACTIVITY

The following tables reflect the current composition of the bank’s assessment areas and information about branching changes since the previous evaluation (July 17, 2019).

Assessment Area	City/County	State	Census Tracts Included
Lancaster, VA NonMSA	Lancaster County	VA	All
	Northumberland County		
	Middlesex County		
Virginia Beach-Norfolk-Newport News, VA	Mathews County	VA	All
	Gloucester County		
	James City County		
	City of Williamsburg		
	York County		0505, 0509, 0510, 0511 (4 tracts)
Richmond, VA MSA	City of Richmond	VA	All
	Henrico County		
	Chesterfield County		

Assessment Area	Address	Tract income Level	Opened/Closed
Richmond, VA	10000 Courtview Lane Chesterfield, VA 23832	Upper	Opened 7/20/2020, LPO Conversion

CRA APPENDIX D

LENDING PERFORMANCE TABLES

2019 HMDA Lending Analysis Tables:

Virginia Beach-Norfolk-Newport News, VA

Distribution of HMDA Loans by Income Level of Borrower

Virginia Beach-Norfolk-Newport News, VA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	12	10.1	1,089	4.5	263	5.1	35,159	2.7
Moderate	27	22.7	3,818	15.9	922	17.9	159,328	12.2
Middle	24	20.2	4,318	18.0	1,408	27.3	326,064	25.0
Upper	56	47.0	14,720	61.6	2,559	49.7	785,344	60.1
Total	119	100.0	23,945	100.0	5,152	100.0	1,305,895	100.0
Unknown	9		1,841		1,493		474,752	

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

Distribution of HMDA Loans by Income Level of Census Tract

Virginia Beach-Norfolk-Newport News, VA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Home Purchase (3,960)								
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	2.2	66	0.7	261	6.6	58,629	5.5
Middle	23	50.0	4,170	46.3	1,401	35.4	328,603	30.9
Upper	22	47.8	4,771	53.0	2,298	58.0	677,721	63.6
Refinance (2,408)								
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	103	4.3	20,729	3.2
Middle	48	59.3	10,064	60.1	919	38.2	217,347	33.4
Upper	33	40.7	6,677	39.9	1,386	57.5	413,484	63.4
Home Improvement (272)								
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	7	2.6	604	2.6
Middle	0	0.0	0	0.0	89	32.7	6,465	27.7
Upper	1	100.0	38	100.0	176	64.7	16,269	69.7
Multi-Family (4)								
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	1	25.0	2,625	61.8
Middle	0	0.0	0	0.0	0	0.0	0	0.0
Upper	0	0.0	0	0.0	3	75.0	1,620	38.2
HMDA Totals								
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	0.8	66	0.3	372	5.6	82,587	4.6
Middle	71	55.5	14,234	55.2	2,409	36.3	552,415	31.0
Upper	56	43.7	11,486	44.5	3,863	58.1	1,109,094	62.3
NA*	0	0.0	0	0.0	1	0.0	36,551	2.1
Total	128	100.0	25,786	100.0	6,645	100.0	1,780,647	100.0

NA*-Tracts without household or family income as applicable

Lancaster, VA NonMSA

Distribution of HMDA Loans by Income Level of Borrower

Lancaster, VA NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	3	4.6	282	2.2	41	3.8	4,765	1.9
Moderate	9	13.8	1,035	8.0	144	13.3	17,787	7.1
Middle	8	12.3	1,284	9.9	175	16.1	28,905	11.5
Upper	45	69.3	10,350	79.9	725	66.8	199,681	79.5
Total	65	100.0	12,951	100.0	1,085	100.0	251,138	100.0
Unknown	0		0		160		39,446	

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

Distribution of HMDA Loans by Income Level of Census Tract

Lancaster, VA NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Home Purchase (738)								
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	3	9.1	663	9.5	204	27.7	45,327	25.4
Upper	30	90.9	6,289	90.5	533	72.3	133,130	74.6
Refinance (444)								
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	1	3.1	192	3.2	125	28.2	30,450	29.2
Upper	31	96.9	5,807	96.8	319	71.8	73,852	70.8
Home Improvement (62)								
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	0	0.0	20	32.3	2,005	26.2
Upper	0	0.0	0	0.0	42	67.7	5,645	73.8
Multi-Family (1)								
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	0	0.0	0	0.0	0	0.0
Upper	0	0.0	0	0.0	1	100.0	100	100.0
HMDA Totals								
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	4	6.2	855	6.6	349	28.0	77,782	26.8
Upper	61	93.8	12,096	93.4	895	71.9	212,727	73.2
NA*	0	0.0	0	0.0	1	0.1	75	0.0
Total	65	100.0	12,951	100.0	1,245	100.0	290,584	100.0

NA*-Tracts without household or family income as applicable

Richmond, VA

Limited Review Lending Table

Richmond, VA (2019)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
Home Purchase				Home Improvement				
<i>Geographic</i>	(12)				(0)			
Low	1	8.3	5.9	5.2	0	0.0	4.3	5.2
Moderate	1	8.3	16.7	17.8	0	0.0	12.7	17.8
Middle	3	25.0	33.8	35.8	0	0.0	29.6	35.8
Upper	7	58.3	43.6	41.1	0	0.0	53.4	41.1
Refinance				Multi-Family				
<i>Geographic</i>	(12)				(0)			
Low	2	16.7	3.7	5.2	0	0.0	13.8	5.2
Moderate	2	16.7	14.7	17.8	0	0.0	41.5	17.8
Middle	1	8.3	33.8	35.8	0	0.0	21.1	35.8
Upper	7	58.3	47.8	41.1	0	0.0	23.6	41.1
HMDA Totals				Consumer				
<i>Geographic</i>	(24)				(NA)			
Low	3	12.5	5.0	5.2	NA	NA	NA	NA
Moderate	3	12.5	15.9	17.8	NA	NA	NA	NA
Middle	4	16.7	33.6	35.8	NA	NA	NA	NA
Upper	14	58.3	45.6	41.1	NA	NA	NA	NA
<i>Borrower</i>	(21)				(NA)			
Low	1	4.8	8.4	21.1	NA	NA	NA	NA
Moderate	1	4.8	24.8	17.6	NA	NA	NA	NA
Middle	2	9.5	24.6	19.7	NA	NA	NA	NA
Upper	17	81.0	42.2	41.6	NA	NA	NA	NA
Small Business				Small Farm				
<i>Geographic</i>	(NA)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	NA	NA	NA	NA	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	NA	NA	NA	NA	NA	NA	NA	NA

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

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 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.