

PUBLIC DISCLOSURE

October 7, 2013

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Virginia Commonwealth Bank
534774

1965 Wakefield Street
Petersburg, Virginia 23805

**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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INSTITUTION RATING

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

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable given the bank's size, financial condition, and demand for credit in the assessment areas.
- A substantial majority of the institution's Home Mortgage Disclosure Act (HMDA) loans were originated to borrowers within the bank's assessment areas.
- The bank's lending to borrowers of different income levels is considered reasonable overall.
- The bank's geographic distribution performance is considered excellent overall.
- The institution has not received any complaints regarding its CRA performance since the previous evaluation.

SCOPE OF EXAMINATION

The institution was evaluated using the interagency examination procedures developed by the Federal Financial Institutions Examination Council (FFIEC). Virginia Commonwealth Bank (VCB) is required to report certain information regarding its home mortgage lending in accordance with the HMDA. Accordingly, VCB's 2011 and 2012 HMDA loan originations and purchases were considered in the evaluation.

Because the bank's operations are concentrated in its Richmond, VA MSA, this assessment area was reviewed using the FFIEC's full-scope evaluation procedures. The bank's other assessment area consists of the city of Suffolk, VA in the Virginia Beach-Norfolk-Newport News, VA-NC MSA. This assessment area accounts for a much smaller portion of bank activity and was evaluated utilizing the FFIEC's limited-scope procedures. Detailed information about the bank's activities (loan volume, branch locations, and deposit accounts) within each assessment area is included in **Appendix B**.

DESCRIPTION OF INSTITUTION

VCB is headquartered in Petersburg, Virginia, and currently operates eight full service branches within central and southeastern Virginia. The bank is a wholly-owned subsidiary of Virginia Bancorp, Incorporated, also located in Petersburg, VA. VCB's previous CRA rating, dated September 26, 2011, was Satisfactory. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment areas.

As of June 30, 2013, VCB had \$254.6 million in assets, of which 48.7% were net loans and 44.7% were securities. Various deposit and loan products are available through the institution including loans for residential mortgage, business, and consumer purposes. The composition of the loan portfolio (reflecting gross loans) is represented in the following table:

Composition of Loan Portfolio

Loan Type	6/30/2013	
	\$(000s)	%
Secured by 1-4 Family dwellings	59,159	46.0
Multifamily	5,517	4.3
Construction and Development	11,052	8.6
Commercial & Industrial/ NonFarm NonResidential	50,245	39.1
Consumer Loans and Credit Cards	2,682	2.0
Agricultural Loans/ Farmland	0	0.0
All Other	0	0.0
Total	128,655	100.0

As indicated in the preceding table, the bank is an active residential mortgage and commercial lender. The bank offers other loans, such as consumer loans; however, the volume of such lending is relatively small in comparison to residential mortgage and commercial loans. Because of relative size, the performance of residential mortgage loans is considered in this evaluation. Although VCB’s commercial loans make up the second largest product in its portfolio by dollar amount, the number of commercial loans, and small business loans as a subset, recently originated by the bank was determined to be too limited to warrant consideration when evaluating performance for 2011 and 2012.

The bank serves two assessment areas; one that is part of the Richmond, VA MSA and the other a portion of the Virginia Beach-Norfolk-Newport News, VA-NC MSA. Since the previous evaluation, VCB has closed one branch (July 2013) located in Richmond, VA. The counties, cities, and census tracts included within each of the bank’s markets are depicted in the following table.

Assessment Area	County/City	Census Tracts Included
Richmond, VA MSA	Chesterfield County	All
	Dinwiddie County	All
	Henrico County	All
	Prince George County	All
	Colonial Heights City	All
	Hopewell City	All
	Petersburg City	All
	Richmond City	All
Virginia Beach-Norfolk-Newport News, VA-NC MSA	Suffolk City	All

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Area demographic and available market aggregate data are used as proxies for demand when evaluating the bank’s performance. Demographic data are from the 2000 and 2010 census, and HMDA aggregate data are from 2011 and 2012.

While VCB’s HMDA loan data from calendar years 2011 and 2012 were fully analyzed and considered in the evaluation, bank and aggregate data from only 2012 are reflected in the assessment area analysis tables. In instances when the bank’s 2011 HMDA performance varies significantly from its performance during 2012, such variance and the corresponding impact on the overall performance are discussed.

When evaluating the geographic and the borrower distribution of lending for a specific loan category within an assessment area, primary emphasis is placed on the number of loans originated or purchased. To arrive at an overall assessment area level conclusion regarding the distribution of lending during 2011 and 2012, performance is then generally weighted by the dollar volume of loans from each year. The institution's overall rating is based on the performance in the full-scope assessment area. For VCB, the Richmond, VA MSA assessment area was evaluated using full-scope procedures.

Overall, the bank's performance is rated Satisfactory. This rating considers the bank's loan-to-deposit ratio, level of lending in its assessment areas, borrower distribution performance, and geographic distribution performance. Each of these components is discussed in the following sections.

Loan-To-Deposit Ratio

The bank's current loan-to-deposit ratio, as of June 30, 2013, equals 54.4% and averaged 55.1% for the eight-quarter period ending June 30, 2013. For this same period, the quarterly average loan-to-deposit ratios for all banks headquartered in metropolitan areas in Virginia and of similar asset size to VCB ranged from 77.5% to 81.2%. Since June 30, 2011, the bank's assets, loans, and deposits have decreased by 18.3%, 27.1%, and 15.2%, respectively. While the bank's average loan-to-deposit ratio lags that of other banks headquartered in metropolitan areas of Virginia, the ratio has steadily increased over the most recent three quarter period. Considering relevant performance context factors such as the bank's size, financial condition, business strategy, economic conditions and local area credit needs, the bank's lending level is considered responsive to the credit needs of the bank's assessment areas.

Lending in Assessment Area

To determine the institution's volume of lending within its assessment areas, the geographic location of the recently extended HMDA loans from January 1, 2011, through December 31, 2012, 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 Improvement	12	92.3	1,432	98.6	1	7.7	20	1.4
Home Purchase	16	94.1	2,063	95.9	1	5.9	88	4.1
Refinancing	56	83.6	7,941	77.7	11	16.4	2,282	22.3
TOTAL LOANS	84	86.6	11,436	82.7	13	13.4	2,390	17.3

As illustrated in the preceding table, the bank originated a substantial majority of its residential mortgage (HMDA) by both the number and dollar amount of loans within its 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 HMDA borrower distribution of lending performance, discussed in greater detail later in this report, is considered reasonable.

Geographic Distribution of Loans

The bank's HMDA geographic distribution of lending performance, discussed in greater detail later in this report, is considered excellent.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

METROPOLITAN AREAS

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

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

This assessment area includes all of Chesterfield, Dinwiddie, Henrico, and Prince George Counties and four cities; Colonial Heights, Hopewell, Petersburg, and Richmond. The bank operates seven full-service branches in this area. As of June 30, 2013, the institution ranked 13th out of 33 financial institutions in local deposit market share and holds .3% of the area's deposits (credit unions are not included), according to data compiled by the Federal Deposit Insurance Corporation.

According to the 2000 census data, the assessment area had a population of 850,564 and a median housing value of \$109,058. The owner-occupancy rate for the assessment area equaled 61.1%, which lagged the rates for both the Commonwealth of Virginia (63.3%) and the entire MSA (64.6%). The percentage of families living below the poverty level in the assessment area (7.4%) slightly exceeded the commonwealth's overall rate (7%), as well as the MSA's rate (6.9%). The 2011 HUD estimated median family income for the Richmond, VA MSA equals \$74,600. The following table provides pertinent demographic data for the assessment area:

Assessment Area Demographics

Richmond, VA MSA								
<i>(Based on 2000 Census Boundaries and 2011 D&B information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	26	11.9	15,247	6.9	5,186	34.0	44,073	19.9
Moderate	51	23.3	44,661	20.2	5,700	12.8	39,784	18.0
Middle	87	39.7	92,605	41.9	4,428	4.8	49,631	22.5
Upper	54	24.7	68,525	31.0	1,114	1.6	87,550	39.6
NA	1	0.5	0	0.0	0	0.0		
Total	219	100.0	221,038	100.0	16,428	7.4	221,038	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	8,441	3.9	25,316	7.5	8,605	34.0	75,111	22.4
Moderate	34,730	16.0	73,269	21.8	11,175	15.3	59,654	17.8
Middle	97,483	44.8	142,519	42.5	9,877	6.9	65,593	19.5
Upper	77,039	35.4	94,516	28.2	3,351	3.5	135,262	40.3
NA	0	0.0	0	0.0	0	0.0		
Total	217,693	100.0	335,620	100.0	33,008	9.8	335,620	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	5,383	9.1	4,566	8.5	512	15.5	305	14.2
Moderate	9,624	16.3	8,556	16.0	687	20.8	381	17.7
Middle	23,573	39.9	21,493	40.1	1,226	37.1	854	39.7
Upper	20,430	34.6	18,951	35.4	868	26.3	611	28.4
NA	25	0.0	17	0.0	8	0.2	0	0.0
Total	59,035	100.0	53,583	100.0	3,301	100.0	2,151	100.0
	Percentage of Total Businesses:			90.8		5.6		3.6

*NA-Tracts without household or family income as applicable

In comparison, the 2010 census reflects an increased assessment area population of 963,533 and a median housing value of \$219,601. Based on 2010 census data, the assessment area owner-occupancy rate (58.8%) is above the owner-occupancy rate for the Richmond, VA MSA (62.7%) and the rate for the Commonwealth of Virginia (61.8%). The area's poverty rate (8.5%) increased, and is higher than the rates for both the entire MSA (7.5%) and the Commonwealth (7.2%). The 2012 HUD estimated median family income for the MSA equals \$75,600. The following table provides pertinent demographic data for the assessment area:

Assessment Area Demographics

Richmond, VA MSA <i>(Based on 2010 ACS Boundaries and 2012 D&B information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	29	12.2	18,735	8.0	6,485	34.6	51,043	21.7
Moderate	63	26.5	51,502	21.9	6,365	12.4	42,470	18.0
Middle	74	31.1	80,677	34.3	4,903	6.1	48,771	20.7
Upper	69	29.0	84,492	35.9	2,176	2.6	93,122	39.6
NA	3	1.3	0	0.0	0	0.0		
Total	238	100.0	235,406	100.0	19,929	8.5	235,406	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	11,241	4.7	32,982	9.0	10,963	33.2	85,652	23.4
Moderate	43,397	18.2	89,712	24.5	12,975	14.5	64,893	17.7
Middle	87,122	36.6	123,899	33.8	10,523	8.5	68,322	18.7
Upper	96,174	40.4	119,644	32.7	5,853	4.9	147,370	40.2
NA	0	0.0	0	0.0	0	0.0		
Total	237,934	100.0	366,237	100.0	40,314	11.0	366,237	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	4,081	7.1	3,454	6.6	451	13.9	176	8.0
Moderate	12,784	22.2	11,345	21.7	835	25.7	604	27.4
Middle	19,456	33.8	17,696	33.9	1,059	32.6	701	31.8
Upper	21,241	36.9	19,642	37.6	883	27.2	716	32.5
NA	70	0.1	42	0.1	22	0.7	6	0.3
Total	57,632	100.0	52,179	100.0	3,250	100.0	2,203	100.0
Percentage of Total Businesses:				90.5		5.6		3.8

*NA-Tracts without household or family income as applicable

The local economy benefits from a diverse mixture of local industries. Residents commute throughout the area, many to Richmond, VA, as it serves as the capital of the Commonwealth. Employment opportunities are available with local government and the healthcare and social service, retail, hospitality, and finance industries. Some major employers within the area include Capital One Bank, Fort Lee Army Base, Virginia Commonwealth University (including the VCU Health System), Altria, and Dupont. The following table includes current and recent employment rates for the counties and cities within the assessment area:

Unemployment Rate Trend								
Geographic Area	2011		2012				2013	
	Sept	Dec	Mar	Jun	Sept	Dec	Mar	Jun
Chesterfield County	6.4%	5.9%	5.8%	6%	5.4%	5.4%	5.1%	5.8%
Dinwiddie County	7%	6.7%	6.3%	6.8%	6.2%	6.4%	6.2%	7%
Henrico County	6.5%	5.9%	5.7%	5.9%	5.5%	5.3%	4.8%	5.6%
Prince George County	7.5%	6.6%	6.3%	6.6%	6.8%	6.4%	5.8%	6.2%
Colonial Heights City	8%	7.1%	6.8%	7%	6.7%	6.2%	6%	7.3%
Hopewell City	11.1%	9.4%	9%	9.2%	8.1%	8.2%	8.7%	8.8%
Petersburg City	12.8%	11.6%	11.9%	11.9%	10%	9.8%	11.1%	10.7%
Richmond City	9.7%	8.8%	8.2%	9%	8.3%	8.1%	7.4%	8.2%
Richmond, VA MSA	7.3%	6.7%	6.5%	6.7%	6.1%	6%	5.6%	6.3%
Commonwealth of Virginia	6.5%	6.1%	6%	6.2%	5.7%	5.5%	5.2%	5.9%

Area unemployment rates have fluctuated but generally have declined slightly since the previous evaluation, although they remain elevated compared to historical data. High area unemployment rates may adversely affect a bank's ability to extend credit as unemployed applicants often have diminished repayment capacity.

A representative from a local nonprofit organization was recently contacted to discuss local economic conditions and the credit needs of the community. The contact stated that the greatest need of the area is to redevelop the dilapidated housing stock in the area and provide affordable housing for a large percentage of the community. The contact indicated that the local financial institutions may potentially provide additional funding for these projects and take initiative in facilitating these renovations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

During 2011, VCB originated 44 residential mortgage (HMDA) loans totaling \$5.7 million; while in 2012, the bank originated 33 loans totaling \$4.6 million. Accordingly, the bank's 2011 performance is given slightly more weight when reaching conclusions about the bank's lending performance.

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

The bank's borrower distribution performance is considered reasonable overall.

Distribution of HMDA Loans by Income Level of Borrower

Richmond, VA MSA (2012)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	2	7.7	125	3.0	4,198	10.7	429,240	5.6
Moderate	4	15.4	544	13.2	8,690	22.1	1,201,904	15.7
Middle	9	34.6	1,259	30.5	9,342	23.8	1,660,625	21.7
Upper	11	42.3	2,203	53.3	17,014	43.4	4,367,803	57.0
Total	26	100.0	4,131	100.0	39,244	100.0	7,659,572	100.0
Unknown	7		496		8,565		2,292,112	

Percentage's (%) are calculated on all loans where incomes are known

The bank's HMDA lending during 2012 reflects a larger volume of refinance loans than home purchase or home improvement loans. Accordingly, the bank's refinance loans were weighted more heavily when considering the bank's overall performance. When considering VCB's borrower distribution performance by product line, the absence of home improvement loans to low- and moderate-income borrowers is considered poor, while its refinance loan performance is considered reasonable. The bank's home purchase loan borrower distribution performance (based upon only two loans) is considered reasonable.

When considering the combined performance for all HMDA loans from 2012, the bank's lending to low-income borrowers (7.7%) lagged both the proportion of area low-income families (21.7%) and the aggregate reporter lending level (10.7%). The bank's lending to moderate-income borrowers (15.4%) also lagged both the proportion of area moderate-income families (18%) and the aggregate lending level (22.1%). Overall the bank's performance during 2012 is considered reasonable and its performance during 2011 is similar.

Geographic Distribution of Loans

As previously mentioned, the bank's geographic distribution performance is considered excellent.

Distribution of HMDA Loans by Income Level of Census Tract

Richmond, VA MSA (2012)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(7) Home Purchase				(15,958)			
Low	2	28.6	86	11.2	411	2.6	40,023	1.3
Moderate	3	42.9	162	21.0	2,434	15.3	296,546	9.3
Middle	2	28.5	522	67.8	5,399	33.8	854,784	26.8
Upper	0	0.0	0	0.0	7,709	48.3	1,991,356	62.6
	(22) Refinance				(30,336)			
Low	0	0.0	0	0.0	549	1.8	59,661	1.0
Moderate	4	18.2	400	11.9	3,447	11.4	470,793	7.7
Middle	10	45.5	1,557	46.5	9,244	30.5	1,521,503	24.9
Upper	8	36.3	1,394	41.6	17,094	56.3	4,050,408	66.4
	(4) Home Improvement				(1,435)			
Low	0	0.0	0	0.0	74	5.2	3,343	3.1
Moderate	2	50.0	123	24.3	276	19.2	11,639	10.8
Middle	1	25.0	110	21.7	548	38.2	31,393	29.2
Upper	1	25.0	273	54.0	537	37.4	61,207	56.9
	(0) Multi-Family				(80)			
Low	0	0.0	0	0.0	11	13.8	78,883	14.1
Moderate	0	0.0	0	0.0	19	23.8	151,287	27.1
Middle	0	0.0	0	0.0	28	35.0	170,312	30.5
Upper	0	0.0	0	0.0	22	27.4	157,280	28.3
	HMDA Totals							
Low	2	6.1	86	1.9	1,045	2.2	181,910	1.8
Moderate	9	27.3	685	14.8	6,176	12.9	930,265	9.3
Middle	13	39.4	2,189	47.3	15,219	31.8	2,577,992	25.9
Upper	9	27.2	1,667	36.0	25,362	53.1	6,260,251	63.0
NA*	0	0.0	0	0.0	7	0.0	1,266	0.0
Total	33	100.0	4,627	100.0	47,809	100.0	9,951,684	100.0

NA*-Tracts without household or family income as applicable

During 2012, bank lending in low-income census tracts (6.1%) exceeded both the percentage of owner-occupied units in low-income tracts (4.7%) and the aggregate lending level (2.2%). Similarly, the bank's lending within moderate-income tracts (27.3%) was significantly greater than the percentage of owner-occupied units in such tracts (18.2%) and the aggregate reporter lending level (12.9%). The bank's performance during 2012 is considered excellent and its performance during 2011 is similar.

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC MSA ASSESSMENT AREA

The Virginia Beach-Norfolk-Newport News, VA-NC MSA assessment area was reviewed using the limited review examination procedures. Information detailing the composition of the markets, including selected demographic data, is included in **APPENDIX A** of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Facts and data reviewed for each assessment area, including performance and demographic information, can be found in **APPENDIX A** of this evaluation. The bank's performance in the assessment area is below its performance in the Richmond, VA MSA assessment area.

**CRA APPENDIX A
LIMITED REVIEW TABLES**

VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC MSA

The bank operates one branch in this assessment area which includes all of Suffolk City, Virginia. There are three low-income census tracts and no moderate-income census tracts within the assessment area. The following table details bank, aggregate, and demographic data.

PERFORMANCE TEST DATA FOR THE VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC MSA

Limited Review Lending Table

Virginia Beach-Norfolk-Newport News, VA-NC MSA (2012)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(2)				(1)			
Low	0	0.0	3.9	5.4	0	0.0	9.2	5.4
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	2	100.0	41.7	42.2	0	0.0	44.6	42.2
Upper	0	0.0	54.4	45.9	1	100.0	46.2	45.9
	Refinance				Multi-Family			
<i>Geographic</i>	(3)				(0)			
Low	0	0.0	3.3	5.4	0	0.0	50.0	5.4
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	3	100.0	38.0	42.2	0	0.0	50.0	42.2
Upper	0	0.0	58.7	45.9	0	0.0	0.0	45.9
	HMDA Totals				Consumer			
<i>Geographic</i>	(6)				(0)			
Low	0	0.0	3.8	5.4	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	5	83.3	39.6	42.2	NA	NA	NA	NA
Upper	1	16.7	56.6	45.9	NA	NA	NA	NA
<i>Borrower</i>	(6)				(NA)			
Low	0	0.0	5.7	19.0	NA	NA	NA	NA
Moderate	0	0.0	19.2	15.6	NA	NA	NA	NA
Middle	1	16.7	31.1	19.8	NA	NA	NA	NA
Upper	5	83.3	44.0	45.6	NA	NA	NA	NA
Total	6	100.0	100.0	100.0	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(0)				(0)			
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

The bank originated six HMDA loans, none of which are located in low-income census tracts or to low-income borrowers. The borrower and geographic distribution performance for HMDA lending is considered poor and below that of the full-scope 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, 2013, while the loan volume includes all HMDA loans considered in the evaluation.

Assessment area	Loan Volume				Full service branches		Deposit volume	
	#	%	\$(000s)	%	#	%	\$(000s)	%
Richmond, VA MSA	77	91.7%	\$10,315	90.2%	7	87.5%	\$207,692	91%
Virginia Beach-Norfolk- Newport News, VA-NC MSA	7	8.3%	\$1,121	9.8%	1	12.5%	\$20,462	9%
TOTAL	84	100%	\$11,436	100%	8	100%	\$228,154	100%

CRA APPENDIX C

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 Test (and if applicable, consideration of investments and services) 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 Test (and if applicable, consideration of investments and services) 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.