



PUBLIC DISCLOSURE

July 15, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Virginia Bank and Trust Company

Danville, 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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336 Main Street

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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 major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable in relation to the bank's capacity and demand for credit within its assessment area.
- A substantial majority of the institution's Home Mortgage Disclosure Act (HMDA) and consumer motor vehicle secured loans considered in the evaluation were originated within the bank's assessment areas.
- The bank's borrower distribution performance (lending to low-and moderate-income borrowers) is considered reasonable overall.
- The bank's geographic distribution performance (lending to low-and moderate- income census tracts) is considered excellent overall.
- The institution has not received any complaints regarding its CRA performance since the previous evaluation.

SCOPE OF EXAMINATION

Virginia Bank and Trust (VBT) was evaluated using the interagency examination procedures for a small bank, as prescribed by the Federal Financial Institutions Examination Council (FFIEC). VBT is required to report certain information about its home mortgage lending in accordance with the HMDA. Accordingly, the bank's 2016 and 2017 HMDA loan originations were considered for this evaluation. Additionally, consumer motor vehicle secured lending was identified as a significant product and was also considered in this evaluation. The analysis includes a sample of 145 consumer motor vehicle secured loans from a universe of 429, totaling \$6.3 million originated during calendar year 2018.

Based on the FFIEC's evaluation procedures, an overall rating for the Lending Test is assigned to the institution based on its performance within assessment areas evaluated using full-scope review procedures. At this evaluation, the bank's Danville, VA assessment area was the only area subject to full-scope review; therefore, the conclusions for this assessment area determined the bank's overall level of performance. Given the bank's limited presence in its remaining assessment area (Lynchburg, VA), this area was evaluated utilizing the FFIEC's limited review procedures. Appendix B includes information about the bank's lending, branches, and deposit volume by assessment area.

DESCRIPTION OF INSTITUTION

VBT is headquartered in Danville, Virginia, and operates seven full-service branch offices in the City of Danville and Pittsylvania County, Virginia. VBT is a wholly-owned subsidiary of Virginia Bank Bankshares Incorporated, a single bank holding company. The institution's previous CRA rating, dated June 9, 2014, was Outstanding. No known legal impediments exist that would restrain the bank from meeting the credit needs of its assessment areas.

As of March 31, 2019, VBT reported assets of \$201.4 million, of which 72.1% were net loans. As of the same date, deposits totaled \$174.4 million. VBT offers various deposit and loan products, including loans for residential mortgage, consumer, and business purposes. The composition of the loan portfolio using gross loans, as of March 31, 2019, is represented in the following table.

Composition of Loan Portfolio

Loan Type	3/31/2019	
	\$(000s)	%
Secured by 1-4 Family dwellings	46,908	31.9
Multifamily	5,988	4.1
Construction and Development	6,349	4.3
Commercial & Industrial/ NonFarm NonResidential	62,294	42.4
Consumer Loans and Credit Cards	17,685	12.0
Agricultural Loans/ Farmland	7,650	5.2
All Other	86	0.1
Total	146,960	100.0

As reflected in the previous table, the bank is an active commercial/small business and residential mortgage lender. However, this information is based on the total dollar volume of loans held in the bank’s portfolio. The table does not provide any information about the number of new loans originated by the bank. During the evaluation period, the bank originated a significantly larger number of consumer loans than small business loans. Based on the number of new loans recently originated by the bank, consumer motor vehicle secured loans were considered in the evaluation along with the bank’s reported residential mortgage loans.

During a majority of the evaluation period, the bank served two contiguous assessment areas located in southern Virginia. The composition of the bank’s assessment area is detailed in the following table.

Assessment Area Name	City/County	Census Tracts Included
Danville, VA NonMSA	City of Danville	All
	Pittsylvania County	All
Lynchburg, VA	Campbell County	All

Since its previous CRA evaluation, VBT closed its full-service branch in Campbell County, Virginia. VBT closed the branch on October 1, 2018, and this was the only branch office that VBT operated in the Lynchburg, VA assessment area. Since closing the Campbell County branch, VBT’s remaining branches are all located in the Danville, VA NonMSA assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

When evaluating the bank's performance, relevant area demographic data from the 2010 and 2015 American Community Survey (ACS) is used as a proxy for demand when evaluating the bank’s HMDA 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. Because of the ACS data update schedule, ACS data from 2010 is used when considering the bank's activities through year-end 2016, and 2015 ACS data is used for activities during 2017. Consequently, the 2015 ACS data is used as a proxy for demand when evaluating the bank's HMDA performance during 2017.

While residential mortgage loan data from calendar years 2016 and 2017 were fully analyzed and considered in the evaluation, only bank and aggregate data from 2017 is reflected in the assessment area analysis tables. In instances where the bank's 2016 HMDA performance varies significantly from its performance in 2017, such variance and the corresponding impact on the overall performance is discussed.

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. To arrive at an overall assessment area 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. At this evaluation, only one assessment area was reviewed using full-scope procedures (Danville, VA NonMSA), and conclusions from this assessment area drive the institution's overall rating.

Loan-To-Deposit Ratio

The bank's loan-to-deposit ratio equaled 83.3% as of March 31, 2019, and averaged 82% for the 20-quarter period ending March 31, 2019. In comparison, quarterly average loan-to-deposit ratios for peer banks of similar asset size and operating in VBT's assessment areas ranged from 69% to 90.3% during the same 20-quarter period. Since March 31, 2014, the bank's assets, net loans, and deposits have increased by 14.7%, 14%, and 16%, respectively. When considering relevant performance context factors such as the institution's size, financial condition, and local credit needs, the bank's loan-to-deposit ratio is considered reasonable.

Lending in Assessment Areas

In order to determine the institution's volume of lending within its assessment areas, the geographic location of the bank's HMDA and consumer motor vehicle secured loans was considered. The lending distribution inside and outside of the bank's combined 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	69	87.3	6,764	89.1	10	12.7	826	10.9
Home Improvement	15	93.8	946	92.2	1	6.3	80	7.8
Refinancing	20	87.0	1,973	87.0	3	13.0	295	13.0
Multi-Family Housing	2	100.0	1,139	100.0	0	0.0	0	0.0
Total HMDA related	106	88.3	10,822	90.0	14	11.7	1,201	10.0
Consumer Loans*	115	79.3	1,444	73.4	30	20.7	522	26.6
TOTAL LOANS	221	83.4	12,266	87.7	44	16.6	1,723	12.3

*The number and dollar amount of loans reflects a sample of such loans originated during the evaluation period and does not reflect loan data collected or reported by the institution.

As previously noted, the evaluation includes two calendar years of HMDA data and a sample of one year of motor vehicle secured loans. After accounting for this difference, a substantial majority of the bank's lending occurred in its assessment areas.

ASSESSMENT AREA DELINEATIONS

A review of the bank's assessment areas found that its delineations complied with the requirements of Regulation BB. Assessment area delineations included all of the bank's branches and deposit taking automated teller machines. As delineated, the bank's assessment areas included whole political subdivisions, did not reflect illegal discrimination (e.g. through the exclusion of majority-minority census tracts), and did not arbitrarily exclude low- or moderate-income census tracts.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

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 DANVILLE, VA ASSESSMENT AREA

VBT operates seven full-service branches in the Danville, VA NonMSA assessment area, which includes the City of Danville and Pittsylvania County, Virginia. The assessment area is located in a rural portion of southern central Virginia. As of June 30, 2018, VBT ranked fifth out of nine institutions in local deposit market share according to data compiled by the Federal Deposit Insurance Corporation and held 10% of the assessment area's deposits (credit union deposits are not included).

According to 2010 ACS data, the population of the assessment area equals 106,561, with a median housing value of \$96,716. The owner-occupancy rate for the assessment area equals 59.2%, which is similar to the owner-occupancy rate in nonmetropolitan areas of Virginia (59.9%) and below the rate of the Commonwealth of Virginia (61.8%). The percentage of families below poverty within the assessment area equals 14.7%, which exceeds the poverty rate of nonmetropolitan areas of Virginia (11.8%) and the statewide rate (7.2%). The 2016 HUD estimated median family income for nonmetropolitan areas of Virginia equaled \$52,300. The following table provides pertinent demographic data for the assessment area based on 2010 ACS and 2016 Dun & Bradstreet (D&B) data.

Assessment Area Demographics

Danville, VA NonMSA (Based on 2010 ACS Data and 2016 D&B Information)									
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low	2	6.3	436	1.4	132	30.3	7,394	24.3	
Moderate	4	12.5	3,574	11.7	1,189	33.3	5,512	18.1	
Middle	22	68.8	23,879	78.5	2,902	12.2	6,296	20.7	
Upper	3	9.3	2,541	8.4	258	10.2	11,228	36.9	
NA	1	3.1	0	0.0	0	0.0			
Total	32	100.0	30,430	100.0	4,481	14.7	30,430	100.0	
	Owner Occupied Units by Tract	Households							
		HHs by Tract		HHs < Poverty by Tract		HHs by HH Income			
		#	%	#	%	#	%		
Low		314	1.0	1,206	2.6	503	41.7	13,060	28.4
Moderate		2,592	8.2	5,895	12.8	2,047	34.7	7,371	16.0
Middle		26,075	82.2	34,858	75.8	5,812	16.7	8,525	18.5
Upper		2,725	8.6	4,030	8.8	429	10.6	17,055	37.1
NA		11	0.0	22	0.0	11	50.0		
Total		31,717	100.0	46,011	100.0	8,802	19.1	46,011	100.0
	Total Businesses by Tract	Businesses by Tract and Revenue Size							
		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported			
		#	%	#	%	#	%		
Low		224	6.5	168	5.4	50	15.7	6	14.0
Moderate		255	7.3	230	7.4	25	7.8	0	0.0
Middle		2,380	68.5	2,162	69.5	184	57.7	34	79.1
Upper		609	17.6	548	17.6	58	18.2	3	6.9
NA		4	0.1	2	0.1	2	0.6	0	0.0
Total		3,472	100.0	3,110	100.0	319	100.0	43	100.0
Percentage of Total Businesses:				89.6		9.2		1.2	

*NA-Tracts without household or family income as applicable

ACS data was updated in 2015, and the income designation of several census tracts changed. Based on the updated ACS, the assessment area in 2017 includes one less low-income census tract, two more moderate-income census tracts, and one less middle-income census tract than in 2016.

During 2017, the population of the assessment area equals 105, 244 with a median housing value of \$101,868. The owner occupancy rate for the assessment area equals 56.1%, which is below the owner occupancy-rate in nonmetropolitan areas of Virginia (57.3%) and the statewide rate (59.2%). The percentage of families below poverty within the assessment area equals 14.5%, which exceeds the poverty rate of nonmetropolitan areas of Virginia (13.4%) and the statewide rate (8.2%). The 2017 HUD estimated median family income for nonmetropolitan areas of Virginia equaled \$53,300. The following table provides pertinent demographic data for the assessment area based on 2015 ACS and 2017 D&B data.

Assessment Area Demographics

Danville, VA NonMSA (Based on 2015 ACS Data and 2017 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	3.1	847	2.9	371	43.8	6,656	23.1
Moderate	6	18.8	3,953	13.7	977	24.7	5,147	17.8
Middle	21	65.6	20,727	71.8	2,416	11.7	6,156	21.3
Upper	3	9.4	3,330	11.6	421	12.6	10,898	37.8
NA	1	3.1	0	0.0	0	0.0		
Total	32	100.0	28,857	100.0	4,185	14.5	28,857	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	566	1.9	1,457	3.3	617	42.3	11,982	26.8
Moderate	3,163	10.5	7,068	15.8	2,130	30.1	7,194	16.1
Middle	22,786	75.6	31,160	69.6	4,945	15.9	8,528	19.1
Upper	3,619	12.0	5,078	11.3	817	16.1	17,059	38.0
NA	0	0.0	0	0.0	0	0.0		
Total	30,134	100.0	44,763	100.0	8,509	19.0	44,763	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	53	1.7	48	1.8	4	1.3	1	2.4
Moderate	441	14.3	352	12.9	83	26.3	6	14.6
Middle	1,989	64.5	1,788	65.6	170	53.8	31	75.6
Upper	597	19.4	537	19.7	57	18.0	3	7.4
NA	3	0.1	1	0.0	2	0.6	0	0.0
Total	3,083	100.0	2,726	100.0	316	100.0	41	100.0
Percentage of Total Businesses:				88.4		10.3		1.3

*NA-Tracts without household or family income as applicable

According to data published by the FFIEC in 2016, seven of the assessment area's 22 middle-income census tracts were considered distressed because of comparatively high poverty rates and net population loss. During 2017, six of the 21 middle-income census tracts are distressed because of high poverty rates and net population loss. The distressed middle-income census tracts are all located in the City of Danville and include all of the middle-income census tracts in the city.

The local economy is based on a mix of manufacturing and service (public, private, and government) industries. Major employers include Goodyear Tire & Rubber (manufacturing), Danville Regional Medical Center, Unique Industries (distribution center), Wal Mart stores, EBI (furniture manufacturing), local government, and area school systems.

Geographic Area	May 2014	May 2015	May 2016	May 2017	May 2018	May 2019
Danville City	9%	8.1%	5.8%	5.5%	5%	5.3%
Pittsylvania County	6.4%	5.4%	4.5%	4.2%	3.4%	3.5%
Virginia	5.3%	4.6%	3.8%	3.6%	2.8%	2.9%

Area unemployment rates remain high in relation to the statewide rate, especially for the City of Danville. Persistent levels of high unemployment are often an indication of a weak local economy and may result in lower bank lending levels.

A local affordable housing official was contacted during the evaluation to discuss local economic conditions and community credit needs. The contact indicated there is a continued need for financial literacy and education within the assessment area to assist low- and moderate-income residents with the management of personal finances. The official also suggested that the local area would benefit if financial institutions more actively provided or participated in financial literacy programs. While acknowledging this opportunity for banks, overall, the contact said that area financial institutions are adequately meeting the credit needs of the local community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

During 2017, the bank originated \$4.5 million in HMDA loans, while it is estimated that during 2018 the bank originated approximately \$6.3 million in consumer motor vehicle secured loans within this assessment area. Given the larger volume of motor vehicle secured lending within the assessment area, loan performance for this product is generally weighted more heavily when considering the bank’s combined product performance.

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

VBT’s HMDA lending is considered poor, while its consumer motor vehicle lending is considered reasonable. Overall, the bank’s borrower distribution performance is considered reasonable and reflects greater weight associated with consumer motor vehicle lending because of its larger comparative dollar volume of lending within the assessment area.

Distribution of HMDA Loans by Income Level of Borrower

Danville, VA NonMSA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	3	7.9	81	3.0	136	10.7	7,831	5.3
Moderate	10	26.3	504	18.9	317	25.0	26,439	17.9
Middle	9	23.7	445	16.7	339	26.8	37,244	25.3
Upper	16	42.1	1,633	61.4	475	37.5	75,897	51.5
Total	38	100.0	2,663	100.0	1,267	100.0	147,411	100.0
Unknown	17		1,823		405		55,148	

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

The bank’s HMDA lending to low-income borrowers (7.9%) lagged both the percentage of area low-income families (23.1%) and the aggregate level of lending (10.7%). However, the bank’s lending to moderate-income borrowers (26.3%) exceeded the percentage of such area families (17.8%) and the aggregate level of lending (25%). Overall, the bank’s 2017 HMDA borrower distribution performance is considered reasonable.

Conversely, during 2016, the bank’s HMDA performance is considered very poor. During 2016, the bank reported 36 loans totaling \$5.1 million within the assessment area where borrower incomes were known. Of these loans, VBT did not make any to low-income borrowers despite 24.3% of area families being low-income and 9.9% of the aggregate reported loans were to such borrowers (9.9%). The bank’s lending to moderate-income borrowers (8.3%) also substantially lagged the percentage of area moderate-income families (18.1%) and the percentage of loans extended to such borrowers (21.2%) by the aggregate reporters during 2016. The bank’s performance during 2016 is considered very poor.

Overall, the bank’s HMDA borrower distribution performance is considered poor. In reaching this conclusion, consideration was given to the strength of performance in each year and the slightly larger dollar volume of lending in 2016.

Distribution of Consumer Loans by Income Level of Borrower

Danville, VA NonMSA (2018)				
Income Categories	Consumer Loans			
	#	%	\$(000s)	% \$
Low	28	24.6	184	12.8
Moderate	30	26.3	306	21.3
Middle	33	28.9	456	31.7
Upper	23	20.2	494	34.2
Total	114	100.0	1,440	100.0
Unknown	0		0	

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

The bank’s motor vehicle secured consumer lending to low-income borrowers (24.6%) lagged the percentage of low-income households (26.8%) in the assessment area, while its lending to moderate-income borrowers (26.3%) substantially exceeded the percentage of such households (16.1%). Overall, the bank’s consumer loan performance is considered reasonable.

Geographic Distribution of Loans

VBT’s HMDA geographic distribution performance is considered excellent, while its consumer motor vehicle secured loan performance is reasonable. The bank’s overall performance is considered excellent. This conclusion considers both the dollar volume of each product within the assessment area along with the strength of the bank’s HMDA performance.

Distribution of HMDA Loans by Income Level of Census Tract

Danville, VA NonMSA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
	(33)				(939)			
Low	0	0.0	0	0.0	5	0.5	208	0.2
Moderate	10	30.3	386	20.4	90	9.6	7,661	6.6
Middle	20	60.6	1,373	72.5	698	74.3	87,612	75.8
Upper	3	9.1	135	7.1	146	15.6	20,128	17.4
	(9)				(591)			
Low	1	11.1	29	3.4	4	0.7	221	0.3
Moderate	1	11.1	65	7.7	37	6.3	4,941	6.7
Middle	7	77.8	747	88.9	481	81.4	59,944	81.3
Upper	0	0.0	0	0.0	69	11.6	8,671	11.7
	(11)				(137)			
Low	0	0.0	0	0.0	1	0.7	16	0.3
Moderate	1	9.1	170	27.8	14	10.2	287	4.8
Middle	9	81.8	392	64.1	108	78.8	4,653	77.3
Upper	1	9.1	50	8.1	14	10.3	1,066	17.6
	(2)				(5)			
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1	50.0	950	83.4	3	60.0	4,062	56.8
Middle	0	0.0	0	0.0	1	20.0	2,900	40.6
Upper	1	50.0	189	16.6	1	20.0	189	2.6
	HMDA Totals							
Low	1	1.8	29	0.6	10	0.6	445	0.2
Moderate	13	23.6	1,571	35.0	144	8.6	16,951	8.4
Middle	36	65.5	2,512	56.0	1,288	77.0	155,109	76.6
Upper	5	9.1	374	8.4	230	13.8	30,054	14.8
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	55	100.0	4,486	100.0	1,672	100.0	202,559	100.0

NA*-Tracts without household or family income as applicable

During 2017, home purchase loans were extended most frequently by VBT and the aggregate reporters. Neither the bank nor the aggregate reporters originated many multi-family loans during 2017. From a performance perspective, when considering both demographic and aggregate data, VBT's home purchase and refinance lending performance is excellent, while its home improvement lending performance is reasonable.

On a combined product basis, VBT's lending in the assessment area's single low-income census tract (1.8%) approximated the proportion of owner-occupied housing units located in the low-income census tract (1.9%) but exceeded the percentage of lending (.6%) by the aggregate reporters. VBT's lending in moderate-income census tracts (23.6%) substantially exceeded both the proportion of owner-occupied housing units located in moderate-income census tracts (10.5%) and the percentage of aggregate lending in such tracts (8.6%). The bank's HMDA lending performance during 2017 is excellent, and its performance during 2016 is substantially similar.

Distribution of Consumer Loans by Income Level of Census Tract

Danville, VA NonMSA (2018)				
Income Categories	Consumer Loans			
	#	%	\$(000s)	% \$
Low	3	2.6	22	1.5
Moderate	12	10.5	85	5.9
Middle	79	69.3	940	65.3
Upper	20	17.6	393	27.3
NA*	0	0.0	0	0.0
Total	114	100.0	1,440	100.0

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

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

Originations and Purchases

The bank’s level of motor vehicle secured consumer lending in low-income census tracts (2.6%) was comparable to the percentage of low-income households (3.3%) in the assessment area. The bank’s lending in moderate-income tracts (10.5%) lagged the percentage of such households (15.8%). However, poverty rates are high within the assessment area, especially within low- and moderate-income census tracts. Within low-income census tracts 42.3% of all households are below the poverty level, and 30.1% of all households in moderate-income census tracts are below the poverty level. These concentrations of households below the poverty level likely reduce the viable demand for consumer loans in the low- and moderate-income census tracts. Overall, the bank’s consumer loan geographic distribution performance is considered reasonable particularly when considering area poverty rates as an element of performance context.

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION’S OPERATIONS IN METROPOLITAN AREAS

An assessment area, which is noted in the table below, was reviewed using the limited review examination procedures. Information detailing the composition of this assessment area, including selected demographic data, is included in **APPENDIX C** of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Facts and data reviewed for the assessment area, including performance and demographic information, can be found in **APPENDIX C** of this evaluation. A conclusion regarding performance, which did not impact the institution’s overall rating, is included in the following table. The conclusion conveys whether performance in the assessment area was generally below, consistent with, or exceeded the institution's overall rating.

Assessment Area	Lending Test
Lynchburg, VA MSA	Below

CRA APPENDIX A

LIMITED REVIEW TABLES

Lynchburg, VA Assessment Area

This assessment area includes all of Campbell County, Virginia, which is a part of the Lynchburg, VA MSA. During much of the evaluation period VBT, operated one branch within this assessment area accounting for 1.7% of its total deposit volume. VBT closed this branch on October 1, 2018, and no longer serves this assessment area. The assessment area included two moderate-, eight middle-, and two upper-income census tracts. There were no low-income census tracts in the assessment area.

Performance Test Data for Lynchburg, VA Assessment Area

Limited Review Lending Table

Lynchburg, VA								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase (2017)				Home Improvement (2017)			
<i>Geographic</i>	(0)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	13.0	11.0	0	0.0	8.9	11.0
Middle	0	0.0	73.0	76.9	0	0.0	77.2	76.9
Upper	0	0.0	14.0	12.1	0	0.0	13.9	12.1
<i>Borrower</i>	(0)				(0)			
Low	0	0.0	12.2	20.4	0	0.0	9.8	20.4
Moderate	0	0.0	28.4	19.2	0	0.0	25.6	19.2
Middle	0	0.0	27.5	23.0	0	0.0	35.4	23.0
Upper	0	0.0	32.0	37.4	0	0.0	29.3	37.4
Total	0	0.0	100.1	100.0	0	0.0	100.1	100.0
	Refinance (2017)				Multi-Family (2017)			
<i>Geographic</i>	(0)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	12.4	11.0	0	0.0	100.0	11.0
Middle	0	0.0	72.7	76.9	0	0.0	0.0	76.9
Upper	0	0.0	14.9	12.1	0	0.0	0.0	12.1
	HMDA Totals (2017)				Consumer (2018)			
<i>Geographic</i>	(0)				(1)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	12.7	11.0	0	0.0	NA	16.6
Middle	0	0.0	73.1	76.9	0	0.0	NA	70.7
Upper	0	0.0	14.3	12.1	1	100.0	NA	12.7
<i>Borrower</i>	(0)				(1)			
Low	0	0.0	11.7	20.4	1	100.0	NA	23.0
Moderate	0	0.0	27.1	19.2	0	0.0	NA	16.9
Middle	0	0.0	26.6	23.0	0	0.0	NA	19.4
Upper	0	0.0	34.6	37.4	0	0.0	NA	40.7

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

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

NA represents no activity in the income category

Similar to 2017, the bank did not originate any residential mortgage (HMDA) loans in this assessment area during 2016.

CRA APPENDIX B

LOAN, BRANCH, AND DEPOSIT VOLUME BY ASSESSMENT AREA

The following table includes the bank's loan, branch, and deposit account volume by assessment area. The loan volume includes all HMDA and sampled consumer motor vehicle secured loans considered in the evaluation, while the deposit data is current as of June 30, 2018.

Assessment Area	Loan Volume				Full-Service Branches		Deposit Volume	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Danville, VA NonMSA	220	99.5%	\$12,262	100%	7	87.5%	\$171,229	98.3%
Lynchburg, VA	1	.5%	\$4	0%	1	12.5%	\$2,924	1.7%
TOTAL	221	100%	\$12,266	100%	8	100%	\$174,153	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.