



PUBLIC DISCLOSURE

September 27, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizens Bank and Trust Company

Blackstone, 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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991621

126 South Main Street

Blackstone, VA 23824

**Federal Reserve Bank of Richmond
P. O. Box 27622
Richmond, Virginia 23261**

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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 in relation to the demand for credit in the assessment areas.
- A majority of the institution's Home Mortgage Disclosure Act (HMDA) and small business loans considered in the evaluation period were originated within the bank's assessment areas.
- The bank's borrower distribution performance (lending to low- and moderate-income borrowers and small business having revenues of \$1 million or less) is considered excellent overall.
- The bank's geographic distribution performance (lending in low- and moderate-income census tracts) is considered poor overall.
- The bank's community development performance is adequate when considering its capacity and available community development opportunities.
- There have been no complaints regarding the bank's CRA performance since the previous CRA evaluation.

SCOPE OF EXAMINATION

Citizens Bank and Trust Company (CBT) 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 2018, 2019, and 2020 were reviewed. Additionally, small business lending was considered to be a primary product line of the institution, and all small business originations and purchases during calendar years 2018 and 2019 were fully analyzed and considered in the evaluation.

Aggregate data from 2020 is currently only available for HMDA lending, as the 2020 aggregate CRA data is not yet available. Because aggregate data captures lending done under the same business and market conditions, aggregate data from 2020 is an important performance context factor needed to evaluate the bank's lending performance especially since the pandemic occurred during most of 2020. Consequently, the bank's 2020 HMDA data is included in this evaluation, but its 2020 small business lending data is not included in this evaluation.

Qualified community development loans and services were considered since the previous evaluation (September 12, 2016). 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 full-scope assessment areas, the CRA public evaluations of other financial institutions operating in the assessment areas were reviewed. Additionally, a member of the community was contacted to discern information about local economic conditions, local credit needs, performance of banks in the assessment area, and potential community development opportunities.

CBT serves two assessment areas located within the Commonwealth of Virginia. Based upon branch locations, relative market size as determined by loan activity, proportion of bank deposits, and market population, full-scope procedures were applied only to the Nottoway, VA NonMSA assessment area.

The remaining assessment area was subject to the limited review process provided by the FFIEC. For each assessment area reviewed utilizing the limited scope evaluation procedures, a determination was made as to whether performance was consistent with the institution’s overall assigned rating.

Appendix B contains the loan, branch, and deposit distributions by assessment area that was considered for the scope of the evaluation.

DESCRIPTION OF INSTITUTION

CBT is headquartered in Blackstone, Virginia, and currently operates 11 full-service branches and one drive-thru office across central Virginia. The institution is a wholly owned subsidiary of Citizens Bancorp of Virginia, Incorporated (CBV), a single bank holding company, and has no affiliates or subsidiaries. Since the previous evaluation, the bank has expanded its footprint in the Richmond, VA assessment area by opening a branch in Powhatan, Virginia. CBT received a Satisfactory rating at its prior CRA evaluation dated September 12, 2016. No legal impediment exists that would prevent the bank from meeting the credit needs of its assessment areas.

As of June 30, 2021, CBT held assets totaling \$533 million, of which 43.1% were net loans and 37.5% were securities. As of the same date, deposits totaled \$461.9 million. Various deposit and loan products are available through the institution, including loans for residential mortgage, consumer and small business purposes. Additionally, in April 2020 the Small Business Administration (SBA) created the Paycheck Protection Program (PPP) designed to provide direct incentive for small businesses, allowing workforces to remain employed and promote economic stability during the Coronavirus (Covid-19) pandemic. Since the PPP was established, CBT has originated 855 loans totaling approximately \$39.5 million. The composition of the loan portfolio using gross loans, as of June 30, 2021, is represented in the following table.

Composition of Loan Portfolio

Loan Type	6/30/2021	
	\$(000s)	%
Secured by 1-4 Family dwellings	107,646	46.2
Multifamily	5,796	2.5
Construction and Development	25,148	10.8
Commercial & Industrial/ NonFarm NonResidential	72,489	31.1
Consumer Loans and Credit Cards	11,254	4.8
Agricultural Loans/ Farmland	9,971	4.3
All Other	596	0.3
Total	232,900	100.0

As previously mentioned, CBT serves two assessment areas located in the Commonwealth of Virginia. In 2019, the bank opened a branch located in a middle-income census tract within Powhatan County, Virginia. As a result, CBT expanded its existing Richmond, VA assessment area to include Powhatan County. No branches have been closed since the previous evaluation. The composition of the bank’s assessment areas is included in the following table.

Assessment Area Name	City/County	Census Tracts Included
Nottoway, VA NonMSA	Brunswick County	All
	Cumberland County	All
	Lunenburg County	All
	Mecklenburg County	All
	Nottoway County	All
	Prince Edward County	All
Richmond, VA	Amelia County	All
	Chesterfield County	All
	City of Colonial Heights	All
	City of Petersburg	All
	Powhatan County	All

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

Reported residential mortgage data from calendar years 2018, 2019, and 2020, as well as originated small business and small farm loan data from calendar years 2018 and 2019 were considered in this evaluation. While American Community Survey (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. As such, when evaluating the bank’s performance, relevant area demographic data from the 2015 ACS and Dun and Bradstreet (D&B) business data from 2019 are used.

Aggregate loan data is used as a proxy for demand when evaluating the bank’s HMDA lending and includes all activity reported by lenders subject to reporting HMDA data within the bank’s assessment areas. Similarly, the aggregate small business lending data includes all lenders subject to reporting small business data. Because the bank is not required to report small business loan data, CBT’s small business loans are not included in the aggregate data.

Within CBT’s assessment areas, a high level of small business lending activity was reported by specialized lenders, who often originate or purchase small business loans in the form of credit cards. The loans, however, tend to be much smaller in size than traditional small business bank loans, and a substantial majority of such loans do not have revenue data reported. The presence of these lenders is reflected in a smaller market share for traditional lenders and tends to understate the percentage of aggregate lending to businesses with annual revenues of \$1 million or less. These factors were considered as an aspect of performance context when evaluating the level and distribution of small business lending.

The borrower and geographic distribution performance of HMDA lending focused on performance for home purchase, home improvement, refinancing, and multi-family loan categories. Performance for the not applicable, other closed-end, 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. Additionally, given the limited volume of small farm loans extended by the bank, this loan product was not analyzed for lending distribution performance.

To evaluate 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 conclusion regarding the distribution of lending performance, each loan category is then generally weighted by dollar volume of such loans made in the assessment area. During 2018, 2019, and 2020 the bank originated \$23 million in HMDA and \$18.6 million in small business (2018 & 2019 only) in the Nottoway, VA NonMSA assessment area.

While HMDA loan data from calendar years 2018, 2019, and 2020 and small business data from calendar years 2018 and 2019 were fully analyzed and considered in the evaluation, only bank and aggregate data from 2020 are presented in the assessment area tables for HMDA lending and data from 2019 are presented for small business lending. In instances where the 2018 and 2019 HMDA performances vary significantly from the performance noted during 2020, or where the 2018 small business performance varies significantly from the performance noted during 2019, such variances and the corresponding impact on the overall performance are discussed.

Loan-To-Deposit Ratio

The bank’s loan-to-deposit ratio as of June 30, 2021 equaled 49.8% and averaged 61.1% for the preceding 20-quarter period. In comparison, the quarterly average loan-to-deposit ratios for peer banks operating in similar areas to CBT ranged from 46.3% to 94.2% during the same 20-quarter period. Since the previous evaluation, assets, net loans, and deposits have increased by 50.3%, 25%, and 54.9% respectively. The bank has seen significant growth in deposits, which it attributes to new customers following a local branch closure of another financial institution and to the pandemic. Loan growth has occurred, but at a slower pace than deposits. From a CRA perspective, 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 reported 2018, 2019, and 2020 HMDA loans, as well as 2018 and 2019 originated small business and small farm loans were 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	158	69.3	21,459	63.9	70	30.7	12,144	36.1
Home Improvement	40	81.6	2,647	68.6	9	18.4	1,210	31.4
Refinancing	120	75.0	14,409	67.6	40	25.0	6,903	32.4
Multi-Family Housing	6	46.2	1,503	25.6	7	53.8	4,360	74.4
Loan Purpose Not Applicable	0	0.0	0	0.0	0	0.0	0	0.0
Other Purpose Closed/Exempt	0	0.0	0	0.0	1	100.0	22	100.0
Other Purpose LOC	0	0.0	0	0.0	0	0.0	0	0.0
Total HMDA related	324	71.8	40,018	61.9	127	28.2	24,639	38.1
Small Business	325	72.7	33,016	69.6	122	27.3	14,421	30.4
Small Farm	68	77.3	6,308	66.6	20	22.7	3,161	33.4
TOTAL LOANS	717	72.7	79,342	65.3	269	27.3	42,221	34.7

As indicated in the preceding table, a majority of the total number (72.7%) and dollar amount (65.3%) of HMDA, small business, and small farm loans were extended within the bank’s assessment areas. Overall, the institution’s level of lending in its assessment areas is considered responsive to community credit needs.

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

The bank's distribution of lending to borrowers of different income levels (including low- and moderate-income) and businesses of different revenue sizes is considered excellent for HMDA and reasonable for small business lending in the full-scope Nottoway, VA NonMSA assessment area. Overall, CBT's performance is considered to be excellent based on the relative dollar volume associated with each product and the strength of its HMDA lending performance.

Geographic Distribution of Loans

The bank's geographic distribution of lending is considered poor overall for both HMDA and small business lending based on performance in the full-scope Nottoway, VA NonMSA assessment area.

Community Development Loans, Investments, and Services

CBT's performance under the community development test is rated Satisfactory. The bank demonstrates adequate responsiveness to local credit needs through qualified community development loans, investments, and services.

The bank continues to support community development initiatives and organizations that serve the broader statewide area including its two assessment areas. CBT holds three qualified investments through the Virginia Housing Development Authority (VHDA) totaling \$3 million. The VHDA is a public mortgage lender that serves the housing needs of low- and moderate-income individuals throughout the Commonwealth of Virginia. In addition, the bank made a \$1 million investment in Virginia Community Capital, which also serves the housing needs of low- and moderate-income individuals residing in the Commonwealth.

Additional details of community development activities directly benefiting specific assessment areas are discussed in subsequent sections of this report.

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 NOTTOWAY, VA NONMSA

CBT's Nottoway, VA NonMSA assessment area is located in the southern portion of central Virginia. Within the assessment area, CBT operates seven full-service branch offices and one drive-thru facility that serve Brunswick, Cumberland, Lunenburg, Mecklenburg, Nottoway, and Prince Edward counties in their entirety. The assessment area has no low-income and three moderate-income census tracts. Additionally, 12 of the 20 middle-income census tracts in the assessment area are considered distressed due to high poverty rates or to being underserved.

As of June 30, 2021, CBT ranked 3rd out of 11 financial institutions in local deposit market share according to data compiled by the Federal Deposit Insurance Corporation and held 14.2% of local deposits (credit union deposits are not included). Additionally, according to 2020 aggregate data, the bank ranked 12th out of 237 lenders in reported mortgage lending with a 2.1% market share.

Based on 2015 ACS data, the assessment area has a total population of 109,635 and a median housing value of \$125,385. Within the assessment area, the owner-occupancy rate is 52.9%, which is lower than both the owner-occupancy rate for the Commonwealth of Virginia (59.2%) and the nonmetropolitan areas of the Commonwealth (57.8%). The percentage of families living below the poverty level in the assessment area (16%) is significantly higher than the rate of the Commonwealth of Virginia (8.2%) and slightly higher than the nonmetropolitan areas of Virginia (13.3%). The median family income for nonmetropolitan areas of Virginia in 2018, 2019, and 2020 equaled \$55,900, \$56,100 and \$58,100, respectively. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Nottoway, VA NonMSA <i>(Based on 2015 ACS Data and 2020 D&B Information)</i>								
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	6,357	24.3
Moderate	3	10.7	3,183	12.2	718	22.6	4,397	16.8
Middle	20	71.4	21,051	80.5	3,147	14.9	5,457	20.9
Upper	2	7.1	1,890	7.2	328	17.4	9,928	38.0
NA	3	10.8	15	0.1	0	0.0		
Total	28	100.0	26,139	100.0	4,193	16.0	26,139	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	10,518	26.3
Moderate	3,319	11.8	4,796	12.0	1,249	26.0	6,754	16.9
Middle	22,901	81.1	32,537	81.5	6,012	18.5	6,659	16.7
Upper	2,004	7.1	2,561	6.4	489	19.1	15,993	40.1
NA	8	0.0	30	0.1	0	0.0		
Total	28,232	100.0	39,924	100.0	7,750	19.4	39,924	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	483	12.1	443	12.0	32	13.1	8	12.3
Middle	3,323	82.9	3,071	83.0	199	81.2	53	81.5
Upper	174	4.3	158	4.3	12	4.9	4	6.2
NA	28	0.7	26	0.7	2	0.8	0	0.0
Total	4,008	100.0	3,698	100.0	245	100.0	65	100.0
	Percentage of Total Businesses:			92.3		6.1		1.6

*NA-Tracts without household or family income as applicable

According to 2020 data published by the FFIEC, three middle-income census tracts within Brunswick, three in Lunenburg, two in Nottoway, and four in Prince Edward counties are designated as being either distressed because of high poverty rates or being underserved. The underserved designation indicates the local community may not have access to routine community services.

Education, health services, retail, and local government sectors provide a large portion of employment opportunities in the assessment area. Major employers include public school systems, correctional facilities, academic institutions (Hampden-Sydney College and Longwood University), Centra Health and MCV hospitals, and the Virginia Center for Behavioral Rehabilitation. Recent and historical unemployment rates since the previous evaluation are included in the following table.

Geographic Area	October 2016	October 2017	October 2018	October 2019	October 2020	July 2021
Brunswick County, VA	5.4%	4.8%	4.2%	4%	8%	6.4%
Cumberland County, VA	4.5%	3.5%	2.7%	2.5%	5.7%	4.6%
Lunenburg County, VA	4.6%	3.5%	2.9%	2.7%	5.2%	3.8%
Mecklenburg County, VA	5.3%	4.2%	3.5%	3.6%	6.2%	4.8%
Nottoway County, VA	3.9%	3.4%	2.7%	2.5%	5.2%	3.6%
Prince Edward County, VA	5.3%	4%	3.2%	3%	5.5%	4.9%
Commonwealth of Virginia	4%	3.3%	2.7%	2.4%	5.7%	4.1%

Prior to the Covid-19 pandemic and subsequent economic shut down, the assessment area was experiencing a relatively stable and slightly declining unemployment rate environment. Generally, unemployment rates in the area at any given time are slightly higher than the respective statewide rate. Unemployment rates spiked in 2020 due to the pandemic and nationwide shutdowns. Although rates remain elevated in comparison to pre-pandemic levels, they have decreased since the prior year.

An affordable housing official was contacted recently to discuss local economic conditions and community credit needs. The contact stated that the local area would benefit from more affordable housing and access to programs providing homebuyer assistance. He also mentioned that the area’s economy would benefit from additional financial education opportunities. While noting such areas of opportunity, the contact indicated that area financial institutions are reasonably serving the banking needs of the local community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

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

The borrower distribution of HMDA lending is considered excellent, while the borrower distribution for small business lending is reasonable. Overall, the distribution is considered excellent based on the relative strengths of performance and the dollar volume of each loan product during the years analyzed.

Distribution of HMDA Loans by Income Level of Borrower

Nottoway, VA NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	11	21.6	593	11.4	121	5.5	22,082	5.3
Moderate	8	15.7	559	10.7	388	17.5	45,411	10.9
Middle	9	17.6	940	18.1	487	22.0	72,048	17.3
Upper	23	45.1	3,110	59.8	1,215	55.0	277,703	66.5
Total	51	100.0	5,202	100.0	2,211	100.0	417,244	100.0
<i>Unknown</i>	<i>10</i>		<i>2,339</i>		<i>563</i>		<i>113,931</i>	

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

The bank’s level of lending to low-income borrowers (21.6%) slightly lags the percentage of area low-income families (24.3%) but significantly exceeds aggregate lending levels to such borrowers (5.5%). CBT’s level of lending to moderate-income borrowers (15.7%) slightly lags both the percentage of moderate-income families (16.8%) and the aggregate lending levels to such borrowers (17.5%). Overall, the bank’s performance during 2020 is considered excellent, and its 2018 and 2019 lending performance is substantially similar.

Distribution of Lending by Loan Amount and Size of Business

Nottoway, VA NonMSA (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	59	60.8	3,474	44.0	548	47.7	11,896	38.0
Over \$1 Million	27	27.8	3,844	48.7	NA	NA	NA	NA
Unknown	11	11.4	576	7.3	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	74	76.3	2,358	29.9	1,102	96.0	15,597	49.8
\$100,001-\$250,000	15	15.5	2,618	33.2	24	2.1	4,297	13.7
\$250,001-\$1 Million	8	8.2	2,919	36.9	22	1.9	11,433	36.5
Total	97	100.0	7,895	100.0	1,148	100.0	31,327	100.0

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

D&B data from 2019 indicates that 91.8% of all local businesses have revenues that do not exceed \$1 million per year. According to the 2019 aggregate small business data, 47.7% of reported loans were to businesses with annual revenues of \$1 million or less. After excluding large credit card lenders, 57% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. Of the small business loans reported by CBT, 60.8% were made to businesses having annual revenues of \$1 million or less. Given these contextual factors, the bank's small business lending is considered reasonable, and its 2018 lending is similar.

Geographic Distribution of Loans

The bank's geographic distribution of lending varies by product and year, but is considered poor overall.

Distribution of HMDA Loans by Income Level of Census Tract

Nottoway, VA NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(28)				(1,293)			
					Home Purchase			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	65	5.1	9,520	3.8
Middle	23	82.1	2,395	73.9	1,120	87.4	226,282	89.8
Upper	5	17.9	847	26.1	97	7.5	16,319	6.4
	(23)				(1,386)			
					Refinance			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	65	4.7	9,058	3.4
Middle	18	78.3	1,939	66.3	1,227	88.5	239,833	90.2
Upper	5	21.7	987	33.7	94	6.8	17,025	6.4
	(8)				(82)			
					Home Improvement			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	5	6.1	179	3.4
Middle	8	100.0	663	100.0	76	92.7	4,820	91.5
Upper	0	0.0	0	0.0	1	1.2	266	5.1
	(2)				(8)			
					Multi-Family			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	1	50.0	360	50.7	7	87.5	4,527	92.8
Upper	1	50.0	350	49.3	1	12.5	350	7.2
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	135	4.9	18,757	3.5
Middle	50	82.0	5,357	71.0	2,430	87.6	475,462	89.5
Upper	11	18.0	2,184	29.0	193	6.9	33,960	6.4
NA*	0	0.0	0	0.0	16	0.6	2,996	0.6
Total	61	100.0	7,541	100.0	2,774	100.0	531,175	100.0

NA*-Tracts without household or family income as applicable

CBT’s primary HMDA product by transaction volume was home purchase loans, followed by refinance and home improvement lending in 2020. Aggregate lending data shows refinance was the leading product by transaction volume, followed by home purchase and home improvement lending. Given the limited volume of multi-family loans within the assessment area extended by the bank and aggregate lenders, CBT’s performance in this loan category was given the least weight when considering its overall lending performance. Considering both demographic and aggregate proxies for demand, the bank’s geographic distribution performance for home purchase, refinance, and home improvement lending is considered to be very poor overall.

There are no low-income census tracts in the assessment area; however, lending opportunities exist within the moderate-income tracts as evidenced by both the percentage of owner-occupied housing units located in such tracts (11.8%) and the aggregate data from 2020 (4.9%). CBT’s lack of lending in moderate-income tracts significantly lags both the demographic and aggregate proxies for demand and is considered very poor.

During 2019, the bank reported 75 HMDA loans totaling \$7.8 million within the assessment area. Of this total, three loans (4%) totaling \$207,000 (2.7%) were located in moderate-income census tracts. CBT’s lending in moderate-income tracts lagged the proportion of owner-occupied housing units (11.8%) but was similar to aggregate lending in such tracts (5.5%). This level of lending is considered reasonable, and 2018 lending is substantially similar.

Overall, the bank’s combined HMDA geographic lending distribution is considered poor based upon the relative performance levels and loan volumes each year.

Distribution of Small Business Loans by Income Level of Census Tract

Nottoway, VA NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	2	2.1	112	1.4	114	10.3	2,962	9.8
Middle	80	82.5	6,674	84.5	926	83.5	25,489	84.5
Upper	15	15.4	1,109	14.1	63	5.7	1,658	5.6
NA*	0	0.0	0	0.0	6	0.5	39	0.1
Total	97	100.0	7,895	100.0	1,109	100.0	30,148	100.0

*NA-Tracts without household or family income as applicable

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

As previously mentioned, the assessment area does not contain any low-income census tracts. D&B data from 2019 indicates that 12% of all area businesses are located in moderate-income census tracts. During 2019, aggregate lenders reported extending 10.3% of small business loans in moderate-income census tracts, while the bank originated 2.1% of its small business loans in such tracts. Considering both demographic and aggregate proxies for demand, the bank’s geographic distribution performance is considered to be very poor.

In 2018, the bank reported 109 small business loans totaling \$10.7 million within the assessment area. Of this total, four loans (3.7%) totaling \$42,000 (.4%) were located in moderate-income census tracts. CBT’s level of lending in moderate-income census tracts lagged both aggregate reporters’ lending levels and demographics (9.5% and 11.6%, respectively) and is considered poor.

Overall, the bank's geographic distribution performance for small business lending is considered poor based upon the relative performance and greater dollar volume of lending during 2018.

Community Development Loans, Investments, and Services

Discussions with an individual knowledgeable of the local market area and reviews of the performance evaluations of other financial institutions having a local presence indicate that community development opportunities are limited within the assessment area. The bank faces no constraints in providing community development loans, investments, and services consistent with its capacity and available opportunities.

CBT demonstrates an adequate responsiveness to local community credit needs through qualified loans, investments, and services. The bank originated one qualified community development loan during the evaluation period in this assessment area totaling approximately \$538,000 to a local volunteer fire department that serves a county made up entirely of underserved middle-income geographies.

As previously discussed, CBT holds \$4 million in qualified investments that benefit affordable housing initiatives across the Commonwealth, including the bank’s two assessment areas. Moreover, qualified community development donations to affordable housing, economic development, and community service organizations totaling \$9,600 were made within this assessment area, including \$4,000 that was used to renovate Other Real Estate Owned (OREO) properties located in distressed or underserved middle-income tracts.

Bank employees have volunteered their time and financial expertise to organizations providing community development services within the assessment area that include, but are not limited to, the following:

- A bank official serves on the board of the United Way of Prince Edward County.
- A bank official is a startup business class consultant with the Longwood Small Business Development Center.
- One employee is a teacher for homeownership classes through the Farmville Habitat for Humanity.

METROPOLITAN AREAS

(For each metropolitan area where no assessment areas were reviewed using full-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** 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. In the case where the performance was considered below, the performance was at least adequate for the assessment area.

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

CRA APPENDIX A

LIMITED REVIEW TABLES

Richmond, VA Assessment Area

The bank operates four branches in this assessment area, which includes all of Amelia County, Chesterfield County, the City of Colonial Heights, the City of Petersburg, and Powhatan County in their entirety. The assessment area contains ten low-income and 16 moderate-income census tracts.

Performance Test Data for Richmond, VA Assessment Area

Limited Review Lending Table

Richmond, VA (2018)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(15)				(2)			
Low	2	13.3	2.0	3.1	1	50.0	2.1	3.1
Moderate	1	6.7	10.0	10.3	0	0.0	6.2	10.3
Middle	8	53.3	38.9	45.1	0	0.0	38.9	45.1
Upper	4	26.7	49.1	41.0	1	50.0	52.8	41.0
	Refinance				Multi-Family			
<i>Geographic</i>	(11)				(0)			
Low	2	18.2	1.8	3.1	0	0.0	21.4	3.1
Moderate	1	9.1	9.1	10.3	0	0.0	21.4	10.3
Middle	7	63.6	44.8	45.1	0	0.0	42.9	45.1
Upper	1	9.1	44.3	41.0	0	0.0	14.3	41.0
	HMDA Totals				Consumer			
<i>Geographic</i>	(28)				(NA)			
Low	5	17.9	2.0	3.1	NA	NA	NA	NA
Moderate	2	7.1	9.6	10.3	NA	NA	NA	NA
Middle	15	53.6	40.4	45.1	NA	NA	NA	NA
Upper	6	21.4	48.0	41.0	NA	NA	NA	NA
<i>Borrower</i>	(21)				(NA)			
Low	7	33.3	11.7	17.7	NA	NA	NA	NA
Moderate	4	19.0	27.8	17.6	NA	NA	NA	NA
Middle	6	28.6	26.2	21.1	NA	NA	NA	NA
Upper	4	19.0	34.3	43.6	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(65)				(10)			
Low	6	9.2	5.1	5.8	0	0.0	0.0	1.7
Moderate	10	15.4	9.8	11.2	1	10.0	3.7	2.8
Middle	40	61.5	39.2	42.7	8	80.0	77.8	52.8
Upper	9	13.8	45.9	39.8	1	10.0	18.5	41.6
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	26	40.0	51.5	93.3	6	60.0	44.8	96.6

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

Limited Review Lending Table

Richmond, VA (2019)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(27)				(4)			
Low	2	7.4	1.4	2.9	0	0.0	0.9	2.9
Moderate	5	18.5	9.0	9.5	1	25.0	3.8	9.5
Middle	15	55.6	43.4	47.3	3	75.0	39.2	47.3
Upper	5	18.5	46.3	39.9	0	0.0	56.2	39.9
	Refinance				Multi-Family			
<i>Geographic</i>	(15)				(0)			
Low	1	6.7	1.0	2.9	0	0.0	21.7	2.9
Moderate	2	13.3	6.5	9.5	0	0.0	39.1	9.5
Middle	11	73.3	44.2	47.3	0	0.0	21.7	47.3
Upper	1	6.7	48.3	39.9	0	0.0	17.4	39.9
	HMDA Totals				Consumer			
<i>Geographic</i>	(46)				(NA)			
Low	3	6.5	1.2	2.9	NA	NA	NA	NA
Moderate	8	17.4	7.9	9.5	NA	NA	NA	NA
Middle	29	63.0	43.5	47.3	NA	NA	NA	NA
Upper	6	13.0	47.4	39.9	NA	NA	NA	NA
<i>Borrower</i>	(29)				(NA)			
Low	3	10.3	8.3	17.4	NA	NA	NA	NA
Moderate	5	17.2	25.5	17.5	NA	NA	NA	NA
Middle	8	27.6	26.4	21.1	NA	NA	NA	NA
Upper	13	44.8	39.8	44.0	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(53)				(14)			
Low	1	1.9	4.4	5.5	0	0.0	1.5	1.8
Moderate	9	17.0	9.6	10.4	0	0.0	1.5	1.8
Middle	30	56.6	43.5	44.7	12	85.7	76.9	54.7
Upper	13	24.5	42.5	38.8	2	14.3	20.0	41.3
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	22	40.7	49.5	93.7	7	50.0	42.4	97.3

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

Limited Review Lending Table

Richmond, VA (2020)									
Income Categories	#	Bank %	Aggregate %	Demographic %	#	Bank %	Aggregate %	Demographic %	%
Home Purchase									
Geographic (16)									
Low	2	12.5	1.7	2.9	0	0.0	0.6	2.9	2.9
Moderate	2	12.5	9.4	9.5	0	0.0	3.4	9.5	9.5
Middle	10	62.5	42.6	47.3	3	100.0	39.3	47.3	47.3
Upper	2	12.5	46.2	39.9	0	0.0	56.7	39.9	39.9
Refinance									
Geographic (11)									
Low	0	0.0	0.6	2.9	1	100.0	11.5	2.9	2.9
Moderate	0	0.0	4.9	9.5	0	0.0	30.8	9.5	9.5
Middle	6	54.5	38.6	47.3	0	0.0	46.2	47.3	47.3
Upper	5	45.5	55.9	39.9	0	0.0	11.5	39.9	39.9
HMDA Totals									
Geographic (31)									
Low	3	9.7	1.0	2.9	NA	NA	NA	NA	NA
Moderate	2	6.5	6.6	9.5	NA	NA	NA	NA	NA
Middle	19	61.3	40.1	47.3	NA	NA	NA	NA	NA
Upper	7	22.6	52.3	39.9	NA	NA	NA	NA	NA
Borrower (18)									
Low	4	22.2	7.7	17.4	NA	NA	NA	NA	NA
Moderate	4	22.2	23.8	17.5	NA	NA	NA	NA	NA
Middle	4	22.2	26.2	21.1	NA	NA	NA	NA	NA
Upper	6	33.3	42.3	44.0	NA	NA	NA	NA	NA
Small Business									
Geographic (NA)									
Low	NA	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA	NA
Middle	NA	NA	NA	NA	NA	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA	NA
Revenue									
Geographic (NA)									
Busr/ Farms with revenues <=\$1 M	NA	NA	NA	NA	NA	NA	NA	NA	NA

Geographic () represents the total number of bank loans for the specific Loan Purpose where income 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 lending test rating of Satisfactory is based on performance in the Nottoway, VA NonMSA assessment area, where borrower distribution is considered excellent and geographic distribution performance is considered poor overall. Performance in this limited review assessment area is considered to exceed the institution's overall rating, as both HMDA borrower and geographic distribution performances are considered excellent in 2020. Both HMDA and small business borrower distributions in 2019 are reasonable, while both geographic distributions are excellent. During 2018, the geographic distribution of lending is excellent for both products, while the borrower distribution is excellent for HMDA and reasonable for small business lending.

Community Development Loans, Investments, and Services

The bank's community development activities are considered consistent with those discussed in the full-scope assessment area. The statewide VHDA and Virginia Community Capital investments mentioned previously also benefit this assessment area. Additionally, CBT extended approximately \$1.1 million in a Federal National Mortgage Association loan pool to provide affordable housing within the assessment area. Moreover, the bank extended three community development loans totaling \$505,270 and qualified donations totaling approximately \$28,000, of which approximately \$27,700 were for renovations of the bank's OREO properties which were intended to provide housing in low- and moderate-income census tracts.

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LOAN, BRANCH, AND DEPOSIT VOLUME BY ASSESSMENT AREA

The following table reflects the distribution of loans, branches, and deposits by assessment area. Deposit data is current as of June 30, 2021, and loan data includes all residential mortgage, small business, and small farm loans considered in the evaluation.

Assessment Area	Loan Volume				Full-Service Branches		Deposit Volume	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Nottoway, VA NonMSA	465	64.9%	\$45,018	56.7%	8	66.7%	\$319,000	69.1%
Richmond, VA	252	35.1%	\$34,325	43.3%	4	33.3%	\$142,870	30.9%
TOTAL	717	100%	\$79,343	100.0%	12	100%	\$461,870	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 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.