PUBLIC DISCLOSURE

October 17, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Bank of Charlotte County

667524

101 Berkley Street

Phenix, Virginia 23959

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 more than reasonable in relation to bank capacity and demand for credit in the local assessment areas.
- A majority of the institution's Home Mortgage Disclosure Act (HMDA) and small business loans were originated within the bank's assessment areas.
- The bank's borrower distribution performance for HMDA lending is considered reasonable, while its small business performance is excellent. Overall, the bank's borrower distribution performance is considered reasonable.
- The geographic distribution performance is considered poor for HMDA lending and very poor for small business lending. Overall, the geographic distribution is considered poor.
- There have been no complaints regarding the bank's Community Reinvestment Act (CRA) performance since the previous evaluation.

SCOPE OF EXAMINATION

The institution was evaluated using the interagency examination procedures for a small bank developed by the Federal Financial Institutions Examination Council (FFIEC). The Bank of Charlotte County (BCC) is required to report certain information regarding its home mortgage lending in accordance with the HMDA. Accordingly, BCC's 2014 and 2015 HMDA loan originations were considered in the evaluation. In addition, small business lending was identified as a significant product line and was also considered in the evaluation. The analysis includes all small business loans that were originated by the bank during calendar year 2015.

Full-scope evaluation procedures were applied to the Charlotte County, VA nonmetropolitan (NonMSA) assessment area, as the bank's operations primarily serve this market based on loan and deposit volumes. The Lynchburg, VA assessment area was subject to the limited review procedures as defined by the FFIEC. For the limited review, a determination was made as to whether the performance was consistent with the assigned overall rating. Appendix B includes information detailing the lending volume, branch locations, and deposit volume by assessment area.

DESCRIPTION OF INSTITUTION

BCC is headquartered in Phenix, Virginia, and operates four full-service branches in central Virginia. The bank also operates a loan production office (LPO) in Farmville, VA, which is located in the Charlotte County, VA NonMSA assessment area. BCC is a wholly-owned subsidiary of BCC Bancshares, Inc., a single-bank holding company also headquartered in Phenix, Virginia. The bank received a Satisfactory rating at its prior CRA evaluation dated October 1, 2012. No known legal impediments exist that would constrain the bank from meeting the credit needs of its assessment areas.

As of June 30, 2016, the bank held total assets of $132.5 million, of which 72.2 % were net loans. As of the same time period, deposits totaled $108.4 million. 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 depicted in the following table.

Composition of Loan Portfolio

Loan Type	6/30/2016	
	$(000s)	%
Secured by 1-4 Family dwellings	51,873	53.5
Multifamily	1,457	1.5
Construction and Development	2,051	2.1
Commercial & Industrial/ NonFarm NonResidential	17,433	18.0
Consumer Loans and Credit Cards	4,959	5.1
Agricultural Loans/ Farmland	19,048	19.6
All Other	140	0.1
Total	***96,961***	***100.0***

Note, percentages in the table may not equal 100 due to rounding.

As indicated in the preceding table, the bank is an active residential mortgage, commercial, and agricultural lender. While the preceding table reflects all loans currently held by the bank, recent bank lending activity has been concentrated in residential mortgage and commercial/agricultural loan products.

As previously stated, BCC operates four branches and one LPO in two assessment areas. No branches have been opened or closed since the prior evaluation. The assessment areas are contiguously located in central Virginia and the following table details the composition of each area.

Assessment Area Delineations		
Assessment Area	**City/County**	**Census Tracts Included**
Charlotte County VA, NonMSA	Charlotte County	All
	Halifax County	9301.00, 9302.01, 9302.02, 9305.00, 9306.00, 9308.00
	Lunenburg County	9302.00
	Prince Edward County	All
Lynchburg, VA	Campbell County	All

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

An analysis of lending during the review period is discussed in greater detail in the subsequent sections of this evaluation. While HMDA loan data from calendar years 2014 and 2015 was fully analyzed and considered in the evaluation, only bank and aggregate data from 2015 is presented in the assessment area analysis tables as the bank’s lending performance was similar in each year. As previously mentioned, small business loan activity included in the evaluation included only originations made in 2015.

When evaluating the bank’s performance, relevant area demographic data from the 2010 American Community Survey (ACS) is used as a proxy for demand. 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. Dun & Bradstreet (D&B) business data from 2015 is also considered when evaluating the bank’s performance. The aggregate HMDA and small business lending data include all activity reported by lenders that originated or purchased such loans within the bank's assessment areas. Because BCC does not report small business loan data, its lending is not included in the aggregate data.

When evaluating the borrower and geographic distribution 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 conclusion regarding the distribution of lending, performance for each loan category is then generally weighted by the dollar volume of such loans in the assessment area.

Within the bank's assessment areas, a high level of small business lending activity has been reported by specialized lenders, who often originate small business loans in the form of credit cards. These 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. Consequently, the presence of these lenders was considered as an aspect of performance context when evaluating the level and distribution of bank lending. Therefore, to better gauge performance, BCC's lending is also compared to a group of traditional small business lenders that excludes credit card/specialty lenders.

Overall, the institution'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 further detail in the following sections. All conclusions also take into consideration relevant performance context factors.

Loan-To-Deposit Ratio

The bank's current loan-to-deposit ratio equals 88.3% and averaged 88.1% for the 16-quarter period ending June 30, 2016. In comparison, the quarterly average loan-to-deposit ratios for eight similarly situated institutions that operate in BCC's assessment area ranged from 64.3% to 102.8% during the same 16-quarter period. The eight institutions selected operate full-service branch offices within the assessment areas. BCC's loan-to-deposit ratio was at the upper end of the peer range, especially when considering the asset sizes of the peer group were often higher than BCC's. Since June 30, 2012, bank assets, loans, and deposits increased by 7.8%, 22.6%, and 7.8% respectively. The bank's loan-to-deposit ratio is considered more than reasonable given its 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 HMDA lending during 2014 and 2015 and small business lending in 2015 was considered. The lending distribution is presented in the following table for the combined assessment areas.

Comparison of Credit Extended Inside and Outside of Assessment Area(s)

Loan Type	Inside				Outside			
	#	%	$(000)	%	#	%	$(000)	%
Home Purchase	58	74.4	6,152	70.6	20	25.6	2,563	29.4
Home Improvement	13	92.9	486	92.7	1	7.1	38	7.3
Refinancing	25	92.6	2,530	84.3	2	7.4	470	15.7
Multi-Family Housing	0	0.0	0	0.0	0	0.0	0	0.0
Total HMDA related	**96**	**80.7**	**9,168**	**74.9**	**23**	**19.3**	**3,071**	**25.1**
Small Business	60	95.2	2,727	77.8	3	4.8	780	22.2
TOTAL LOANS	**156**	**85.7**	**11,895**	**75.5**	**26**	**14.3**	**3,851**	**24.5**

As illustrated in the preceding table, a majority of both the number and dollar amount of HMDA and small business loans were originated with the bank's two assessment areas. Overall the institution's level of lending within its assessment areas is considered responsive to community credit needs.

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 CHARLOTTE COUNTY, VA NONMSA ASSESSMENT AREA

The Charlotte County, VA NonMSA assessment area operates three full-service branches and one LPO, and includes all of Charlotte and Prince Edward counties in their entirety, as well as one tract in Lunenburg County, and four tracts in Halifax County (no low- or moderate-income tracts are excluded in the counties with partial tracts). According to 2010 census data, the assessment area has a population of 65,769 and a median housing value of $106,045. The owner-occupancy rate for the market (56.2%) is slightly less than the rate for nonmetropolitan areas of Virginia (59.9%) as well as the Commonwealth of Virginia (61.8%). Within the assessment area, 13.3% of families are considered below the poverty level, which exceeds the level in nonmetropolitan areas of Virginia (11.8%) as well as the commonwealth (7.2%). The 2014 and 2015 HUD estimated median family incomes for nonmetropolitan areas of Virginia equaled $52,000 and $52,700, respectively. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Charlotte County, VA NonMSA (Based on 2010 ACS Data and 2015 D&B Information)								
Income Categories*	**Tract Distribution**		**Families by Tract**		**Families < Poverty as a % of Families by Tract**		**Families by Family Income**	
	#	%	#	%	#	%	#	%
Low	1	6.7	9	0.1	9	100.0	3,634	23.6
Moderate	3	20.0	3,349	21.8	706	21.1	2,871	18.7
Middle	11	73.3	12,011	78.1	1,330	11.1	3,270	21.3
Upper	0	0.0	0	0.0	0	0.0	5,594	36.4
NA	0	0.0	0	0.0	0	0.0		
Total	*15*	*100.0*	*15,369*	*100.0*	*2,045*	*13.3*	*15,369*	*100.0*
	Owner Occupied Units by Tract		**Households**					
			HHs by Tract		**HHs < Poverty by Tract**		**HHs by HH Income**	
	#	%	#	%	#	%	#	%
Low	9	0.1	9	0.0	9	100.0	6,696	28.4
Moderate	3,529	21.0	5,965	25.3	1,405	23.6	4,217	17.9
Middle	13,306	78.9	17,612	74.7	2,880	16.4	4,034	17.1
Upper	0	0.0	0	0.0	0	0.0	8,639	36.6
NA	0	0.0	0	0.0	0	0.0		
Total	*16,844*	*100.0*	*23,586*	*100.0*	*4,294*	*18.2*	*23,586*	*100.0*
	Total Businesses by Tract		**Businesses by Tract and Revenue Size**					
			Less than or = $1 Million		**Over $1 Million**		**Revenue not Reported**	
	#	%	#	%	#	%	#	%
Low	14	0.6	11	0.5	3	2.3	0	0.0
Moderate	736	30.5	683	30.5	43	32.8	10	26.3
Middle	1,660	68.9	1,547	69.0	85	64.9	28	73.7
Upper	0	0.0	0	0.0	0	0.0	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	*2,410*	*100.0*	*2,241*	*100.0*	*131*	*100.0*	*38*	*100.0*
Percentage of Total Businesses:				93.0		5.4		1.6

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

According to data published by the FFIEC, all 11 of the middle-income census tracts were classified as being distressed and/or underserved during 2015. Underserved census tracts are typically located in rural communities that may lack certain community services/infrastructure and are also distant from more urban population centers. Specifically, three middle-income census tracts in Charlotte County were considered underserved. Additionally, seven middle-income census tracts located in Halifax and Prince Edward counties are designated as being distressed due to high poverty levels. Finally, one middle-income tract in Lunenburg County was considered both underserved and distressed due to high poverty levels.

The local economy is based on a variety of industries including education, health services, retail, as well as, local and state government. Major area employers include Halifax Regional Hospital, Dollar General Corporation LLC, Longwood University, Centra Health, Hampden-Sydney College, Virginia Marble Manufacturing, Lunenburg Correctional Center, and Wal-Mart stores. Current and recent periodic unemployment rates are included in the following table.

Unemployment Rate Trend					
Geographic Area	November 2012	November 2013	November 2014	November 2015	August 2016
Campbell County	5.6%	5.3%	4.9%	4.1%	4.5%
Charlotte County	7.7%	6.9%	6.1%	5.3%	5.3%
Halifax County	8.8%	8.3%	6.8%	5.7%	6.3%
Lunenburg County	7%	6%	5.5%	4.8%	4.6%
Prince Edward County	7.8%	7.9%	6.7%	5.5%	5.7%
Lynchburg, VA MSA	5.9%	5.6%	4.9%	4.2%	4.7%
Commonwealth of Virginia	5.4%	5.2%	4.7%	3.9%	4.1%

Although the unemployment rates for the counties declined since November 2012, the rates consistently exceed the statewide rates, suggesting that the local economy is not as strong as the commonwealth's economy.

An affordable housing official was recently contacted 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 assistance with home repairs. The contact also suggested that many lower income area residents are unaware of basic banking services available within the local market. From this perspective, the contact stated the area's economy would specifically benefit from more financial education opportunities. While noting such opportunities, the contact indicated that area financial institutions are reasonably serving the banking needs of the local community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

During 2015 within this assessment area, BCC originated $3.6 million in residential mortgage loans and $2 million in small business loans. Accordingly, the bank's HMDA lending performance is given more weight than the small business performance when determining the overall borrower and geographic distribution analysis conclusions.

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

BCC's small business distribution performance is considered excellent, while its HMDA borrower distribution performance is reasonable. The bank's overall performance is considered reasonable and reflects the greater weight placed on the bank's residential mortgage lending performance because of the larger dollar volume of such lending within the assessment area.

<u>Distribution of HMDA Loans by Income Level of Borrower</u>

Charlotte County, VA NonMSA (2015)								
Income Categories	Bank				Aggregate			
	#	%	$(000s)	% $	#	%	$(000s)	% $
	HMDA Totals							
Low	2	4.9	62	1.8	55	7.9	3,393	4.2
Moderate	11	26.8	806	23.4	167	24.1	14,445	18.0
Middle	9	22.0	663	19.2	173	24.9	17,862	22.3
Upper	19	46.3	1,920	55.6	299	43.1	44,510	55.5
Total	***41***	***100.0***	***3,451***	***100.0***	***694***	***100.0***	***80,210***	***100.0***
Unknown	*1*		*135*		*235*		*36,208*	

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

Within the assessment area, 23.6% of families are considered low-income, while 18.7% of families are moderate-income. When considering its overall HMDA lending performance, BCC's lending to low-income borrowers (4.9%) lagged both the aggregate level of lending to such borrowers (7.9%) and the percentage of area low-income families. Conversely, BCC's lending to moderate-income borrowers (26.8%) exceeded both the percentage of area moderate-income families and the aggregate level of lending (24.1%). The bank's overall performance during 2015 is considered reasonable, and is driven by its strong lending performance to moderate-income borrowers. BCC's performance during 2014 is similar and also considered reasonable.

Distribution of Lending by Loan Amount and Size of Business

Charlotte County, VA NonMSA (2015)								
	Bank				Aggregate*			
by Revenue	#	%	$(000s)	% $	#	%	$(000s)	% $
$1 Million or Less	35	74.5	1,024	50.5	312	44.0	17,745	53.6
Over $1 Million	12	25.5	1,003	49.5	NA	NA	NA	NA
Unknown	*0*	*0.0*	*0*	*0.0*	*NA*	*NA*	*NA*	*NA*
by Loan Size								
$100,000 or less	43	91.5	1,245	61.4	647	91.3	10,730	32.4
$100,001-$250,000	3	6.4	482	23.8	32	4.5	5,421	16.4
$250,001-$1 Million	1	2.1	300	14.8	30	4.2	16,928	51.2
Total	***47***	***100.0***	***2,027***	***100.0***	***709***	***100.0***	***33,079***	***100.0***

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

D&B data from 2015 indicates that 93% of all local businesses have revenues that do not exceed $1 million per year. According to 2015 aggregate small business data, 44% of reported loans were extended to businesses with annual revenues of $1 million or less. The remaining loans were extended to businesses that either had revenues exceeding $1 million or the revenue was not known. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional lenders, 61.5% were made to businesses with annual revenues of $1 million or less. During 2015, 74.5% of BCC's small business loans were to businesses with annual revenues of $1 million or less. As such, the bank's performance is considered excellent.

Geographic Distribution of Loans

Within the assessment area, there is only one low-income tract and three moderate-income tracts. While opportunities within the low-income tract for both HMDA and small business lending are constrained based on demographic demand proxies and aggregate lending levels, opportunities for lending within the moderate-income tracts are not as constrained given relevant proxies for credit demand. In this context, BCC's geographic distribution performance for HMDA lending is considered poor and its small business lending is considered very poor. Given the greater weight given to its HMDA lending based on the larger dollar volume of such loans, overall the bank's geographic distribution is considered poor.

Distribution of HMDA Loans by Income Level of Census Tract

Charlotte County, VA NonMSA (2015)								
Income Categories	Bank				Aggregate			
	#	%	$(000s)	% $	#	%	$(000s)	% $
		(24)		Home Purchase		(485)		
Low	0	0.0	0	0.0	3	0.6	214	0.3
Moderate	2	8.3	364	15.2	126	26.2	17,663	28.5
Middle	22	91.7	2,028	84.8	352	73.2	44,127	71.2
Upper	NA	NA	NA	NA	NA	NA	NA	NA
		(11)		Refinance		(333)		
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1	9.1	145	16.0	70	21.0	9,112	20.9
Middle	10	90.9	762	84.0	263	79.0	34,383	79.1
Upper	NA	NA	NA	NA	NA	NA	NA	NA
		(7)		Home Improvement		(103)		
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	20	19.4	798	22.2
Middle	7	100.0	287	100.0	83	80.6	2,794	77.8
Upper	NA	NA	NA	NA	NA	NA	NA	NA
		(0)		Multi-Family		(4)		
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	1	25.0	1,700	27.4
Middle	0	0.0	0	0.0	3	75.0	4,500	72.6
Upper	NA	NA	NA	NA	NA	NA	NA	NA
				HMDA Totals				
Low	0	0.0	0	0.0	3	0.3	214	0.2
Moderate	3	7.1	509	14.2	217	23.6	29,273	25.4
Middle	39	92.9	3,077	85.8	701	76.1	85,804	74.4
Upper	NA	NA	NA	NA	NA	NA	NA	NA
*NA**	NA	NA	NA	NA	NA	NA	NA	NA
Total	***42***	***100.0***	***3,586***	***100.0***	***921***	***100.0***	***115,291***	***100.0***

NA-Tracts without household or family income as applicable*

During 2015, home purchase lending was both the bank's and aggregate lender's leading HMDA product followed by refinance and home improvement lending, respectively. Due to the lack of multi-family lending by the bank and the nominal volume reported by the aggregate lenders, this loan category was not a factor in the analysis.

Within the assessment area, .1% of owner-occupied housing units are located in low-income tracts, while 21% of owner-occupied housing units are located in moderate-income tracts. Although the bank did not extend any loans in low-income tracts, there was limited opportunity in the low-income tract as demonstrated by the demographic figure and the aggregate lending level (.3%).

Overall, BCC's lending in moderate-income tracts (7.1%) lagged both the aggregate lending level (23.6%) and the percentage of owner-occupied housing units located in these tracts. This level of lending is considered poor, and performance during 2014 is substantially similar.

Distribution of Small Business Loans by Income Level of Census Tract

Charlotte County, VA NonMSA (2015)								
Income Categories	**Bank**				**Aggregate**			
	#	**%**	**$(000s)**	**% $**	**#**	**%**	**$(000s)**	**% $**
Low	0	0.0	0	0.0	2	0.3	4	0.0
Moderate	0	0.0	0	0.0	238	34.2	13,662	41.7
Middle	47	100.0	2,027	100.0	456	65.5	19,132	58.3
Upper	NA	NA	NA	NA	NA	NA	NA	NA
*NA**	NA	NA	NA	NA	NA	NA	NA	NA
Total	***47***	***100.0***	***2,027***	***100.0***	***696***	***100.0***	***32,798***	***100.0***

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

BCC did not extend any small business loans in low- or moderate-income tracts during 2015. In comparison, aggregate lenders extended .3% and 34.2% of small business loans in low- and moderate-income tracts, respectively. Additionally, D&B data from 2015 indicates that .6% and 30.5% of businesses are located in low- and moderate-income tracts, respectively. As previously mentioned, lending opportunities within the low-income tract are severely limited; however, both demographic and aggregate data suggests that small business lending opportunities are present within moderate-income tracts in the assessment area. Driven by the bank's lack of lending in moderate-income tracts, BCC's geographic distribution of small business loans is considered very poor.

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION’S OPERATIONS IN LYNCHBURG, VA ASSESSMENT AREA

The Lynchburg, VA assessment area, which is noted in the table below, 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. A conclusion regarding performance, which did not impact the institution’s overall rating, is included in the following table. For each test, the conclusion conveys whether performance in an assessment area was generally below, consistent with, or exceeded the institution's overall rating.

Assessment Area	Lending Test
Lynchburg, VA	Consistent

CRA APPENDIX A

LIMITED REVIEW TABLES

Lynchburg, VA

The bank operates one branch in this assessment area, which includes all of Campbell County, Virginia. The assessment area is a portion of the Lynchburg, VA MSA. There are no low-income census tracts and two moderate-income census tracts within the assessment area.

Performance Test Data for Lynchburg, VA Assessment Area

The bank's lending is consistent with the performance reflected in the Charlotte County, VA NonMSA rating.

Limited Review Lending Table

Lynchburg, VA (2015)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
Geographic	(2)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	14.2	14.0	0	0.0	5.8	14.0
Middle	2	100.0	85.8	86.0	0	0.0	94.2	86.0
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	Refinance				Multi-Family			
Geographic	(3)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	10.8	14.0	0	0.0	66.7	14.0
Middle	3	100.0	89.2	86.0	0	0.0	33.3	86.0
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	HMDA Totals				Consumer			
Geographic	(5)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	12.4	14.0	NA	NA	NA	NA
Middle	5	100.0	87.6	86.0	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA
Borrower	(5)				(NA)			
Low	1	20.0	11.5	18.4	NA	NA	NA	NA
Moderate	2	40.0	26.1	23.0	NA	NA	NA	NA
Middle	0	0.0	29.9	21.4	NA	NA	NA	NA
Upper	2	40.0	32.5	37.2	NA	NA	NA	NA
	Small Business				Small Farm			
Geographic	(13)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	20.8	22.0	NA	NA	NA	NA
Middle	13	100.0	79.2	78.0	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA
Revenue								
Busn/ Farms with revenues <=$1 M	11	84.6	44.0	93.6	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

Though based on limited lending volume, both the borrower distribution for HMDA and small business lending is considered excellent, and the geographic distribution is considered poor.

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, 2016, while the loan volume includes all HMDA and small business loans considered in the evaluation.

Assessment Area	Loan Volume				Full-Service Branches		Deposit Volume	
	#	%	$ (000s)	%	#	%	$ (000s)	%
Charlotte County, VA NonMSA	127	81.4%	$9,763	82.1%	3	75%	$57,684	66.1%
Lynchburg, VA	29	18.6%	$2,132	17.9%	1	25%	$29,571	33.9%
TOTAL	156	100%	$11,895	100%	4	100%	$87,255	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.

Loans, investments, and services that-

- (i) Support, enable or facilitate projects or activities that meet the “eligible uses” criteria described in Section 2301(c) of the Housing and Economic Recovery Act of 2008 (HERA), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development in accordance with the Neighborhood Stabilization Program (NSP);
- (ii) Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees; and
- (iii) Benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or areas outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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.