



**PUBLIC DISCLOSURE**

**July 11, 2016**

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**EVB**

**TAPPAHANNOCK, 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.

**PUBLIC DISCLOSURE**

July 11, 2016

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

EVB

790721

307 Church Lane

Tappahannock, VA 22560

**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.

## TABLE OF CONTENTS

	Page
<b>Institution Rating</b>	
Institution's CRA Rating .....	1
Table of Performance Test Ratings .....	1
Summary of Major Factors Supporting Rating .....	1
<b>Institution</b>	
Scope of Examination.....	2
Description of Institution.....	2
Conclusions With Respect to Performance Tests.....	3
<b>Metropolitan Area (reviewed using full-scope review)</b>	
Description of Institution's Operations in Richmond, VA MSA Assessment Area .....	7
Conclusions with Respect to Performance Tests.....	9
<b>Metropolitan Area (reviewed without using full-scope review)</b>	
Description of Institution's Operations in the Metropolitan Area .....	15
Conclusions with Respect to Performance Tests.....	15
<b>Nonmetropolitan Statewide Area (reviewed using full-scope review)</b>	
Description of Institution's Operations in Essex, VA NonMSA Assessment Area .....	16
Conclusions with Respect to Performance Tests.....	17
<b>Nonmetropolitan Statewide Area (reviewed without using full-scope review)</b>	
Description of Institution's Operations in the Nonmetropolitan Area .....	22
Conclusions with Respect to Performance Tests.....	22
<b>Appendices</b>	
CRA Appendix A: Assessment Area Composition.....	23
CRA Appendix B: Loan, Branch, and Deposit Volume by Assessment Area.....	24
CRA Appendix C: Limited Review Tables.....	25
CRA Appendix D: Glossary .....	29

**INSTITUTION RATING**

**INSTITUTION'S CRA RATING:** EVB is rated "SATISFACTORY."

The following table indicates the performance level of EVB with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	EVB		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	
Low Satisfactory			X
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

Major factors supporting the institution's rating include:

- Overall lending activity is good in relation to the bank's capacity and market presence.
- A substantial majority of the institution's reported small business and Home Mortgage Disclosure Act (HMDA) loans were originated within the bank's assessment areas.
- The bank's geographic distribution performance is considered good overall, while its borrower distribution performance is excellent overall.
- During the evaluation period, the bank extended an adequate level of qualified community development loans within its assessment areas.
- The level of qualified investments is considered good relative to available opportunities and bank capacity.
- Delivery systems and branch locations are accessible to all segments of the assessment areas.
- The institution provides an adequate level of community development services throughout its assessment areas.
- There have been no complaints regarding the bank's CRA performance since the previous evaluation.

## INSTITUTION

### SCOPE OF EXAMINATION

Although eligible to be evaluated as an intermediate small bank, EVB voluntarily collects and reports CRA data and elected to be evaluated as a large bank using the interagency examination procedures developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures, HMDA, small business, and small farm lending activity reported by the institution from January 1, 2014, through December 31, 2015, was reviewed. This includes all such loans originated and purchased by EVB during the two-year time period. The bank also collected an optional category of small business lending data, small business loans secured by residential real estate, which was also included in the analyses for calendar years 2014 and 2015.

Throughout the analysis of lending, loans without a reported income (in the case of borrower distribution) and loans where the reported geographic information is incomplete (in the case of geographic distribution) are excluded from both bank loan totals and comparative aggregate lending totals.

Qualified community development loans that were originated or renewed from September 8, 2014, the date of the most recent CRA evaluation, through the evaluation date are considered for this evaluation. All qualified community development services provided since the previous evaluation, and all qualified investments made during this same period, and those outstanding as of the evaluation regardless of when made, were also considered.

To help determine the availability of community development opportunities in specific assessment areas, the CRA public evaluations of other financial institutions operating in these areas were reviewed. Also, in some markets contact with members of the community were made to discern information about local economic conditions, local credit needs, performance of banks in the assessment area, and potential community development opportunities.

The institution's overall rating for each test is based on the ratings assigned to each assessment area and are weighted primarily by bank activity as measured by relative lending volume, amount of deposits, and the number of branches. According to evaluation procedures, the lending test performance accounts for half of the overall rating, while the investment and service tests are equally weighted and account for the remaining half of the overall rating.

Because of relative size as determined by loan activity, proportion of bank deposits, and market population, full-scope evaluation procedures were applied to the following assessment areas:

- Richmond, VA MSA
- Essex, VA NonMSA assessment area

The two remaining assessment areas were subject to the limited review procedures provided for by the FFIEC. For these assessment areas, a determination was made as to whether performance was consistent with the assigned overall state rating. Appendix C includes information about the bank's performance in the limited scope assessment areas.

### DESCRIPTION OF INSTITUTION

EVB is headquartered in Tappahannock, Virginia, and currently operates 26 full-service branch offices throughout central Virginia. The institution is a subsidiary of Eastern Virginia Bankshares, a single bank holding company, also headquartered in Tappahannock, Virginia. This evaluation considers only the activities of the bank during the review period and does not include or consider the activities of any affiliates. The bank received a Satisfactory rating at its prior CRA evaluation dated September 8, 2014. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment areas.

As of March 31, 2016, EVB held assets totaling approximately \$1.3 billion, of which 69.9% were net loans and 20.7% were securities. As of the same time period, deposits totaled \$1 billion. Various deposit and loan products are available through the institution including loans for residential mortgage, consumer, and small business purposes. The composition of the loan portfolio using gross loans, as of March 31, 2016, is represented in the following table.

**Composition of Loan Portfolio**

Loan Type	3/31/2016	
	\$(000s)	%
Secured by 1-4 Family dwellings	346,140	38.1
Multifamily	33,363	3.7
Construction and Development	67,514	7.4
Commercial & Industrial/ NonFarm NonResidential	398,632	43.9
Consumer Loans and Credit Cards	20,964	2.3
Agricultural Loans/ Farmland	27,368	3.0
All Other	14,969	1.6
<b>Total</b>	<b>908,950</b>	<b>100.0</b>

As demonstrated in the chart above, EVB is an active commercial and residential mortgage lender. While the bank offers additional products, such as consumer and farm loans, the volume of such lending is relatively small in comparison to the commercial and residential mortgage lending.

Based on its financial capacity, there are no significant limitations on the bank's ability to meet credit needs within the communities it serves. The bank received a Satisfactory rating during its previous CRA evaluation dated September 8, 2014.

EVB serves four assessment areas, all located within the Commonwealth of Virginia. Two of the assessment areas are located in Metropolitan Statistical Areas (MSA), while the remaining areas are located in nonmetropolitan areas of the commonwealth. **Appendix A** contains a table reflecting the current composition of the bank's assessment areas.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

**LENDING TEST**

An analysis of lending for the review period is discussed in greater detail later in this evaluation for assessment areas receiving a full scope review. In the analysis of each assessment area, tables regarding the bank's performance for loans reported in 2014 are utilized. Though tables are not presented for 2015 performance, the data was analyzed and a statement as to whether that performance is consistent with 2014 is included. Within the relevant markets, pertinent details about lending performance are provided when there is a meaningful difference in performance between the years included in the analysis.

In assessing the bank's HMDA lending performance, consideration was given to all HMDA loan categories and the associated performance for each category relative to the bank's total reported HMDA activity. Each category has been analyzed independently, and overall conclusions consider the performance of all the HMDA loan categories. In general, greater weight was given to loan categories and years with higher associated dollar volume.

During 2014 and 2015, EVB reported originating 97 small farm loans totaling \$12.8 million within its assessment areas. During the same time period, the bank reported 1,512 HMDA and small business loans totaling \$252 million within the assessment areas. Because of its comparatively low volume, the bank's small farm lending performance was not evaluated, as it would not affect EVB's overall performance.

The lending test is rated high satisfactory overall, considering lending activity, the distribution of lending among borrowers and geographies of different income levels, as well as the amount and responsiveness of community development lending in the bank's assessment areas. Area demographic data, Dun & Bradstreet business data (D&B), and market aggregate information are used as proxies for demand when evaluating the bank's performance. Aggregated data include lending by EVB and all other reporting institutions that originated and/or purchased loans of the type considered within the bank's assessment areas. Demographic data are from the 2010 census, D&B business data are from 2014 and 2015, and the small business and HMDA aggregate data from only 2014 was available. In analyzing the bank's community development lending performance, contextual information was obtained through the review of other bank's CRA performance evaluations within the respective assessment areas and in some cases community contacts.

**Lending Activity:**

A bank's loan-to-deposit ratio is one measure of its lending activity relative to its capacity. EVB's quarterly average loan-to-deposit ratio for the seven-quarter period ending March 31, 2016, equaled 85% and ranged from 81.5% to 88.6%. As of March 31, 2016, the institution's loan-to-deposit ratio equaled 88.6%. During the same seven-quarter period, the average of quarterly loan-to-deposit ratios of a national peer group ranged from 78.9% to 82%. The national peer group is defined as all insured commercial banks having assets greater than \$1 billion, but less than \$3 billion. Considering the loan-to-deposit ratio of similar-sized banks, EVB's lending activity reflects good responsiveness to assessment area credit needs.

Since June 30, 2014, bank loans, deposits, and assets have increased by 31.4%, 18.3%, and 21.6%, respectively. As stated in the bank's strategic plan, the bank continues to focus on modest asset/loan growth by offering diverse lending products to attract new customers and broadening the relationship with existing customers.

**Assessment Area Concentration:**

The institution's lending volume for reported HMDA, small business, and small farm loans from January 1, 2014, through December 31, 2015, 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	91	94.8	14,621	91.6	5	5.2	1,335	8.4
Home Improvement	90	97.8	2,120	99.0	2	2.2	22	1.0
Refinancing	78	95.1	18,818	96.8	4	4.9	618	3.2
Multi-Family Housing	12	100.0	19,861	100.0	0	0.0	0	0.0
<b>Total HMDA related</b>	<b>271</b>	<b>96.1</b>	<b>55,420</b>	<b>96.6</b>	<b>11</b>	<b>3.9</b>	<b>1,975</b>	<b>3.4</b>
Small Business	947	92.6	146,120	92.1	76	7.4	12,450	7.9
Small Bus - Secured by Real Estate	294	95.5	50,473	94.0	14	4.5	3,195	6.0
<b>Total Small Bus. Related</b>	<b>1,241</b>	<b>93.2</b>	<b>196,593</b>	<b>92.6</b>	<b>90</b>	<b>6.8</b>	<b>15,645</b>	<b>7.4</b>
Small Farm	97	99.0	12,833	98.5	1	1.0	190	1.5
<b>TOTAL LOANS</b>	<b>1,609</b>	<b>94.0</b>	<b>264,846</b>	<b>93.7</b>	<b>102</b>	<b>6.0</b>	<b>17,810</b>	<b>6.3</b>

As indicated in the preceding table, a substantial majority of loans, both by number (94%) and dollar amount (93.7%) for the product lines included in the analysis, have been provided to residents and businesses in the bank's assessment areas. Overall, the percentage of loans made in the bank's assessment areas is considered highly responsive to community credit needs.

### **Geographic and Borrower Distribution:**

When evaluating the geographic and borrower distribution for a specific loan category (HMDA and small business) within an assessment area, primary emphasis is placed on the number (and corresponding percentage) of loans originated or purchased. To arrive at an overall assessment area conclusion regarding the distribution of lending, performance in each loan category is then weighted by the dollar volume of each category extended in the assessment area. For analytical purposes, the optional small business loan secured by real estate data has been combined with the required small business data throughout the remainder of this evaluation.

The bank primarily extends commercial loans, including small business loans, and residential mortgage loans. Within each of its assessment areas during the evaluation period, the bank extended a larger volume of small business loans than residential mortgage loans. Accordingly, the bank's small business lending performance was generally given more weight when considering the bank's combined product performance level. As previously noted, the bank's small farm lending performance was not evaluated because of its comparatively low volume.

Within the bank's market areas, a high level of small business lending activity has been reported historically 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 significant 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 loans made to businesses with 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.

Within its primary assessment areas, the bank's geographic distribution performance (lending to borrowers by income level of census tract) ranges from adequate to good. The bank's performance in its Richmond, VA MSA assessment area is good, while its performance in the Essex, VA NonMSA is adequate. Because there are no low- or moderate-income census tracts within the Essex, VA NonMSA, the geographic distribution performance for the assessment area is based on the distribution of lending in middle- and upper-income census tracts. When considering the bank's overall performance, more weight is placed on the Richmond, VA MSA assessment area than the Essex, VA NonMSA assessment area because the Richmond, VA MSA assessment area included low- and moderate-income census tracts. Overall, the bank's geographic performance is good.

The bank's borrower distribution performance (lending to borrowers of different income/revenue levels) varies by loan product in the Richmond market. Overall, the bank's performance is considered excellent in both the Richmond, VA MSA and the Essex, VA NonMSA assessment areas.

### **Community Development Lending:**

The availability of safe and sound community development loan opportunities varies by assessment area. As discussed in more detail later in this evaluation, community development lending opportunities are reasonably available within the Richmond, VA MSA assessment area, while opportunities are somewhat limited in the bank's Essex, VA NonMSA assessment area.

During the evaluation period, the bank originated or renewed nine community development loans totaling \$1.1 million. These loans were made to borrowers that develop affordable housing, offer community services to low- and moderate-income borrowers, or promote economic development within the bank's markets. Later in this evaluation, specific community development loans are discussed in the particular assessment area that benefited from the lending.

To the extent that the bank extended any other community development loans, such loans were required to be reported as either small business or HMDA loans and could not also be reported as community development loans. Overall, relative to available opportunities, the bank exhibited an adequate level of community development lending during the evaluation period.



## INVESTMENT TEST

EVB's level of responding to community development needs through its investment activities is rated high satisfactory. As of March 31, 2016, the bank reported approximately \$1.3 billion in assets and held \$266 million in securities representing 20.7% of its total assets. As of the evaluation's date, EVB held approximately \$12.2 million in qualified investments.

The bank's qualified investments benefiting the statewide area include the following:

- Virginia Housing Development Authority (VHDA) – the bank has investments of \$7.1 million in bonds to support the VHDA program which provides affordable housing mortgages throughout the Commonwealth of Virginia.
- Virginia Community Development Corporation (VCDC) – The bank maintains qualified community development investments in multiple housing equity funds through the VCDC. The funds provide community organizations with debt and equity assistance for affordable housing and qualifying historic preservation projects throughout areas in Virginia, including areas within the bank's assessment areas. EVB committed \$4 million to multiple equity funds, and thus far has funded \$2.6 million.

In addition to investments supporting a statewide area, qualified investments targeting specific assessment areas are discussed in conjunction with the evaluation of those areas.

EVB also supports community development organizations by making charitable donations. During the evaluation period, the bank made \$26,525 on a combined assessment area basis to support community development organizations or programs.

## SERVICE TEST

The bank's overall performance under the service test is rated low satisfactory. Systems for delivering retail-banking services appear effective and are accessible to all portions of the assessment areas. Of the 26 branch offices, one (3.8%) is located in a low-income census tract and four (15.4%) are located in moderate-income census tracts. In addition to the accessibility of its branch network, the bank also offers a low-cost checking product to its customers as well as free payroll card services to its employees.

The bank supports an adequate level of community development organizations that provide services throughout its various assessment areas. While specific activities are addressed in the discussion of each assessment area, the following services cover all assessment areas served by the bank.

- Potential of Women Entrepreneurs Realized (POWER) – the bank developed this program to assist female entrepreneurs with their small business needs. The program includes deposit and loan products targeted to female-owned small businesses.
- Virginia Small Business Development Center – This organization assists with economic development throughout the commonwealth. A bank officer serves as a board member and another bank employee facilitated a session during a small business boot camp.

## FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

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

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

The bank operates nine full-service branches within this assessment area, which includes all of Caroline, Charles City, Chesterfield, Dinwiddie, Hanover, Henrico, King William, New Kent, Prince George, and Sussex Counties, Virginia, as well as the cities of Colonial Heights, Hopewell, Petersburg, and Richmond, Virginia. According to the 2010 census data, this market has a population of 1,145,648 and a median housing value of \$224,576. The owner-occupancy rate for the market equals 61.6%, which is slightly less than the Commonwealth's rate of 61.8% as well as the rate for the entire MSA of 62.5%. The percentage of area families living below the poverty level in the assessment area (7.7%) is slightly higher than the Commonwealth's overall rate (7.2%) and the rate for the MSA (7.5%). The 2014 and 2015 HUD estimated median family incomes for the Richmond, VA MSA equal \$76,400 and \$77,600, respectively. The following table includes pertinent demographic data for the market area.

**Assessment Area Demographics**

Richmond, VA (Based on 2010 ACS Data and 2014 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	29	10.2	18,735	6.6	6,485	34.6	58,554	20.6
Moderate	73	25.8	58,827	20.7	6,935	11.8	51,261	18.0
Middle	95	33.6	105,523	37.1	5,897	5.6	60,232	21.2
Upper	82	29.0	101,650	35.6	2,484	2.4	114,688	40.2
NA	4	1.4	0	0.0	0	0.0		
<b>Total</b>	<b>283</b>	<b>100.0</b>	<b>284,735</b>	<b>100.0</b>	<b>21,801</b>	<b>7.7</b>	<b>284,735</b>	<b>100.0</b>
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	11,241	3.8	32,982	7.6	10,963	33.2	97,491	22.6
Moderate	51,762	17.7	100,660	23.3	14,390	14.3	75,059	17.4
Middle	114,126	39.0	157,510	36.5	12,666	8.0	80,913	18.7
Upper	115,387	39.5	140,400	32.6	6,476	4.6	178,089	41.3
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>292,516</b>	<b>100.0</b>	<b>431,552</b>	<b>100.0</b>	<b>44,495</b>	<b>10.3</b>	<b>431,552</b>	<b>100.0</b>
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	3,143	5.6	2,610	5.2	402	11.1	131	6.9
Moderate	11,345	20.3	9,986	19.8	840	23.2	519	27.2
Middle	20,058	35.8	18,159	36.0	1,268	35.0	631	33.1
Upper	21,351	38.2	19,633	38.9	1,096	30.2	622	32.5
NA	55	0.1	32	0.1	17	0.5	6	0.3
<b>Total</b>	<b>55,952</b>	<b>100.0</b>	<b>50,420</b>	<b>100.0</b>	<b>3,623</b>	<b>100.0</b>	<b>1,909</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				90.1		6.5		3.4

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

The area consists of a diverse mix of business and industry driven by manufacturing, service/tourism, pharmaceutical, banking and medical industries. As the capital of the Commonwealth of Virginia, Richmond has many employment opportunities within the state government. In addition, the federal government and local municipalities are significant employers in the area. The following table shows unemployment rates at yearly intervals since March 2014.

Unemployment Rate Trend			
Geographic Area	March 2014	March 2015	March 2016
Caroline County	6.6%	5.6%	4.6%
Charles City County	6.2%	5.6%	5.1%
Chesterfield County	5.4%	4.5%	3.8%
Dinwiddie County	6.8%	5.7%	5%
Hanover County	4.8%	4.1%	3.5%
Henrico County	5.4%	4.5%	3.8%
King William County	5.5%	4.7%	3.9%
New Kent County	4.7%	4.2%	3.5%
Prince George County	6.5%	5.5%	4.8%
Sussex County	8.3%	7.5%	6.8%
Colonial Heights City	6.1%	5.1%	4.5%
Hopewell City	9.3%	8.1%	6.5%
Petersburg City	11.3%	9.6%	7.9%
Richmond City	6.5%	5.5%	4.6%
Richmond, VA MSA	5.8%	4.9%	4.1%
Commonwealth of Virginia	5.5%	4.8%	4.2%

Despite the varying percentage levels, area unemployment rates have been trending down since the bank's previous evaluation (September 2014). That said unemployment rates in the southern and eastern portions of the assessment area are somewhat higher than the remainder of the assessment area. Current rates of unemployment in both the commonwealth and the MSA are consistent with the assessment area overall and show the results of a strengthening area economy.

A local affordable housing official was recently contacted to discuss economic conditions in the area. The contact stated that the quality of affordable housing in the area has improved with hopes of greater availability in the future. In addition, community development needs that would benefit the area include down payment assistance for low- and moderate-income individuals. Given its size, financial condition, and business strategy, the bank faces no constraints in providing community development loans, investments, or services.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE IN THE RICHMOND, VA MSA ASSESSMENT AREA:**

**LENDING TEST**

The institution's overall lending performance within this assessment area is considered good. This conclusion is based on the evaluation of the bank's lending activity, the geographic and borrower lending distribution, and the level of community development lending. The analysis also takes into account the bank's market strategy, area demographic data, and aggregate CRA small business and HMDA loan data.

During 2014 and 2015, EVB originated \$26.7 million in HMDA and \$104.7 million in small business loans within the assessment area. Accordingly, the small business lending performance is given more weight than the residential mortgage lending performance when evaluating overall lending performance. As previously discussed, small farm lending is not considered within this assessment area because of its comparatively limited volume.

**Lending Activity:**

The number (47%) and dollar volume (51.5%) of lending within the assessment area exceeded both the percentage of bank offices (34.6%) and the percentage of bank deposits (38.9%) within the market area. Providing additional context, as of June 2015, EVB ranked 11<sup>th</sup> out of 34 institutions in deposit market share having .4% of the assessment area's available Federal Deposit Insurance Corporation (FDIC) insured deposits (credit unions are not included). According to 2014 aggregate loan data, EVB ranked 15<sup>th</sup> out of 101 reporters in small business loans with a 1.2% market share and 80<sup>th</sup> out of 476 reporters in residential mortgage loans with a .1% market share. Additionally, according to 2015 aggregate loan data, EVB ranked 13<sup>th</sup> out of 105 reporters in small business loans with a 1.3% market share and 88<sup>th</sup> out of 504 reporters in residential mortgage loans with a .1% market share. Considering these factors, overall, the bank's lending activity is considered good.

**Geographic Distribution:**

The overall geographic loan distribution within this assessment area is considered good. While the geographic distribution of the bank's HMDA lending is considered excellent, small business lending is considered good. In reaching the overall conclusion, greater weight was given to the small business lending performance due to a significantly larger dollar volume of lending.

**Distribution of HMDA Loans by Income Level of Census Tract**

Richmond, VA (2014)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
	(18) Home Purchase				(20,055)			
Low	0	0.0	0	0.0	508	2.5	50,384	1.2
Moderate	1	5.6	65	2.4	2,689	13.4	359,571	8.4
Middle	9	50.0	1,076	40.0	7,663	38.2	1,377,718	32.2
Upper	8	44.4	1,546	57.5	9,195	45.8	2,496,067	58.3
	(12) Refinance				(12,873)			
Low	2	16.7	95	2.3	393	3.1	41,770	1.8
Moderate	1	8.3	2,870	68.1	1,942	15.1	255,020	10.8
Middle	4	33.3	333	7.9	4,960	38.5	800,084	33.7
Upper	5	41.7	914	21.7	5,578	43.3	1,275,072	53.8
	(13) Home Improvement				(1,792)			
Low	0	0.0	0	0.0	66	3.7	1,848	1.6
Moderate	6	46.2	92	11.5	349	19.5	12,234	10.5
Middle	3	23.1	62	7.8	755	42.1	42,542	36.4
Upper	4	30.8	644	80.7	622	34.7	60,354	51.6
	(5) Multi-Family				(65)			
Low	0	0.0	0	0.0	9	13.8	43,923	17.0
Moderate	2	40.0	1,774	35.6	23	35.4	53,614	20.7
Middle	2	40.0	1,910	38.3	19	29.2	84,294	32.5
Upper	1	20.0	1,300	26.1	14	21.5	77,259	29.8
	HMDA Totals							
Low	2	4.2	95	0.7	976	2.8	137,925	2.0
Moderate	10	20.8	4,801	37.9	5,003	14.4	680,439	9.7
Middle	18	37.5	3,381	26.7	13,397	38.5	2,304,638	32.8
Upper	18	37.5	4,404	34.7	15,409	44.3	3,908,752	55.5
NA*	0	0.0	0	0.0	8	0.0	1,430	0.0
<b>Total</b>	<b>48</b>	<b>100.0</b>	<b>12,681</b>	<b>100.0</b>	<b>34,793</b>	<b>100.0</b>	<b>7,033,184</b>	<b>100.0</b>

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

Within the assessment area, refinance and home purchase loans were extended most frequently by the aggregate reporters; whereas home purchase, refinance, and home improvement loans were most frequently extended by the bank. EVB's home purchase lending is considered poor relative to the aggregate reporter level, while refinance and multi-family lending are considered good, and home improvement lending is considered excellent.

During 2014, the bank's lending in low-income census tracts (4.2%) exceeded the percentage of owner-occupied housing units (3.8%) located in such areas as well as the aggregate lending level (2.8%). Lending in moderate-income census tracts (20.8%) also exceeded the percentage of owner-occupied housing units (17.7%) and the aggregate lending level (14.4%). The bank's performance during 2014 is considered excellent. The bank's 2015 performance is substantially similar.

**Distribution of Small Business Loans by Income Level of Census Tract**

(Bank lending includes both Small Business and Small Business secured by Real Estate)

Richmond, VA (2014)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% S	#	%	\$ (000s)	% S
Low	16	5.6	2,183	4.5	1,081	5.8	74,419	8.7
Moderate	52	18.1	7,489	15.4	3,363	18.1	157,022	18.4
Middle	106	36.8	16,084	33.0	6,138	33.0	282,727	33.1
Upper	114	39.5	23,002	47.1	8,003	43.0	336,970	39.5
NA*	0	0.0	0	0.0	17	0.1	2,762	0.3
<b>Total</b>	<b>288</b>	<b>100.0</b>	<b>48,758</b>	<b>100.0</b>	<b>18602</b>	<b>100.0</b>	<b>853,900</b>	<b>100.0</b>

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

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

D&B data from 2014 indicate that 5.6% and 20.3% of all area businesses are located in low- and moderate-income tracts, respectively. As shown in the preceding table, bank lending in 2014 to businesses in both low- and moderate-income tracts (5.6% and 18.1%, respectively) was similar to aggregate lending levels (5.8% and 18.1%, respectively) and is considered good. When compared to the corresponding D&B demographic demand proxies, EVB's level of lending also mirrored the percentage of businesses in low- and moderate-income tracts. Overall, the bank's performance in 2014 is considered good, and performance in 2015 is substantially similar.

**Distribution by Borrower Income and Revenue Size of the Business:**

The bank's borrower distribution performance for HMDA loans is good, while the small business borrower distribution performance is excellent. On a combined basis, the bank's borrower distribution performance is considered excellent. In reaching this conclusion, more weight is placed on the bank's small business lending performance because of the larger relative volume of such lending. HMDA loans that do not contain borrower income data are not included in the borrower distribution analysis.

**Distribution of HMDA Loans by Income Level of Borrower**

Richmond, VA (2014)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% S	#	%	\$ (000s)	% S
<b>HMDA Totals</b>								
Low	6	24.0	367	11.7	3,550	13.1	349,713	6.6
Moderate	5	20.0	130	4.2	6,586	24.3	927,961	17.6
Middle	3	12.0	496	15.9	6,482	23.9	1,181,001	22.4
Upper	11	44.0	2,135	68.2	10,501	38.7	2,814,392	53.4
<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>3,128</b>	<b>100.0</b>	<b>27,119</b>	<b>100.0</b>	<b>5,273,067</b>	<b>100.0</b>
Unknown	23		9,553		7,674		1,760,117	

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

Demographic data indicates that within the assessment area, 20.6% and 18% of families are low- and moderate-income, respectively. EVB's lending to low-income borrowers (24%) was greater than both the demographic proxy and aggregate lending level. The bank's lending to moderate-income borrowers (20%) was slightly less than the aggregate lenders, but greater than the demographic proxy. When considering demographic demand proxies and the aggregate lending levels in low- and moderate-income tracts, EVB's overall level of lending is considered good, and its 2015 lending level is substantially similar.

**Distribution of Lending by Loan Amount and Size of Business**  
 (Bank lending includes both Small Business and Small Business secured by Real Estate)

Richmond, VA (2014)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% S	#	%	\$(000s)	% S
\$1 Million or Less	198	68.8	27,236	55.9	9,142	48.2	289,581	33.5
Over \$1 Million	87	30.2	21,220	43.5	NA	NA	NA	NA
Unknown	3	1.0	302	0.6	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	161	55.9	8,610	17.7	17,313	91.3	256,449	29.7
\$100,001-\$250,000	72	25.0	12,849	26.4	746	3.9	135,251	15.7
\$250,001-\$1 Million	55	19.1	27,299	56.0	900	4.8	471,859	54.6
<b>Total</b>	<b>288</b>	<b>100.0</b>	<b>48,758</b>	<b>100.0</b>	<b>18,959</b>	<b>100.0</b>	<b>863,559</b>	<b>100.0</b>

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

D&B data indicates that 90.1% of all local businesses have revenues that do not exceed \$1 million per year. In 2014, 48.2% of aggregate reported small business loans were to businesses with annual revenues of \$1 million or less. The remaining loans were to businesses that either had revenues exceeding \$1 million or revenues were unknown. Excluding credit card lenders, 55.1% of reported small business loans were to businesses having revenues of \$1 million or less. During 2014, 68.8% of the bank's small business lending, including small business lending secured by real estate, was to businesses with annual revenues of \$1 million or less. The bank's small business lending during 2014 is considered excellent. EVB's small business lending during 2015 was similar.

**Community Development Lending:**

Overall, there is reasonable opportunity for community development loans within the market area. Despite a competitive market, EVB faces no significant constraints in taking advantage of all available community development opportunities. During this evaluation period, the bank originated eight community development loans totaling approximately \$1 million. The loans were to organizations supporting the economic development and affordable housing for low- and moderate-income individuals. Overall, this level of community development lending is considered adequate.

**INVESTMENT TEST**

As mentioned previously, the bank holds multiple investments benefitting multiple assessment areas including this one. Additional investments within this assessment area include two pools of mortgage-backed loans issued by the Federal National Mortgage Association (FNMA) totaling approximately \$2.4 million. The mortgage loans were made to low- and moderate-income borrowers within this assessment area. When considering investment opportunities and market presence, EVB's level of investments exhibits good responsiveness to area community development needs.

**SERVICE TEST**

Within the assessment area, the bank's performance under the service test is considered adequate. Systems for delivering retail banking services are accessible to essentially all portions of the assessment area, including low- and moderate-income areas. Also, EVB employees participated in an adequate level of community development services.

**Retail Services:**

Delivery systems are reasonably accessible to all portions of the assessment area. ATMs are available and, through a network, provide customers with 24-hour nationwide access. Bank-by-mail and bank-by-computer services are also offered by EVB. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. EVB has nine full-service branches



within this assessment area, three of which (33.3%) are located in moderate-income census tracts. The distribution of branches is good when considering 2010 census data that indicate 7.6% and 30.9% of the assessment area's households are located in low- and moderate-income areas, respectively. Branch locations and business hours are considered convenient and meet the needs of the assessment area.

### **Community Development Services:**

In addition to the aforementioned low-cost checking product that can be beneficial to low- and moderate-income residents, EVB developed a package of products for women-owned small businesses throughout all of its assessment areas. Additionally, EVB's employees participate in an adequate level of community development service activities that support various local organizations whose operations directly benefit low- and moderate-income residents. These activities include but are not limited to the following:

- Hopewell/Prince George Chamber of Commerce – A bank officer serves as a board member of this economic development organization that supports new and existing businesses within the area.
- Crater Small Business Development Center – A bank officer served on the credit committee of this economic development organization. The Crater Small Business Development Center is part of a network of development centers located throughout the state. The centers provide assistance and training to help small business owners (and potential owners) make sound decisions for the successful operation of their businesses.
- Big Brothers/Big Sisters of Greater Richmond and Tri-Cities – An employee serves as a board member of this organization which provides mentoring to low- and moderate-income children.
- Greater Richmond GATE (Growing America Through Entrepreneurship) – This organization supports the efforts of entrepreneurs and provides counseling/training to individuals interested in starting their own small business. An employee led a financial fitness seminar to area small business owners.
- Hanover Habitat for Humanity – A bank employee provided financial expertise by facilitating a training seminar completed by the Small Business Administration (SBA).
- Feed More/Central Virginia Food Bank – Several employees conducted a food drive that raised funds and food donations. The organization provides food to low- and moderate-income individuals and families.

**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 markets, 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 C of this evaluation. Conclusions regarding performance, which did not impact the institution's overall rating, are included in the following tables. For each test, the conclusion conveys whether performance in an assessment area was generally below, consistent with, or exceeded the institution's overall ratings. In the case where the performance was considered below, the performance was at least adequate for the assessment area.

Assessment Area	Lending Test	Investment Test	Service Test
Virginia Beach-Norfolk-Newport News, VA MSA	Below	Below	Below

**NONMETROPOLITAN STATEWIDE 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 ESSEX, VA NONMSA ASSESSMENT AREA**

The bank operates nine full-service branches within this assessment area, which includes the entirety of Essex, King and Queen, Lancaster, Middlesex, Northumberland, and Richmond Counties. According to 2010 census data, the assessment area has a population of 62,030 and a median housing value of \$209,903. The owner-occupancy rate of 56.2% for this market lags behind the rates for the Commonwealth at 61.8% and the nonmetropolitan areas of Virginia (59.9%). The overall family poverty rate of the assessment area (7.8%) is slightly higher than the rate for the Commonwealth (7.2%), but lower than the rate for nonmetropolitan areas in the Commonwealth (11.8%). The 2014 and 2015 HUD estimated median family incomes for nonmetropolitan areas of Virginia are \$52,000 and \$52,700, respectively. The following table includes pertinent demographic data for the market area.

**Assessment Area Demographics**

Essex, VA NonMSA <i>(Based on 2010 ACS Data and 2014 D&amp;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	2,552	14.6
Moderate	0	0.0	0	0.0	0	0.0	2,669	15.3
Middle	8	40.0	7,960	45.6	733	9.2	3,641	20.9
Upper	9	45.0	9,499	54.4	636	6.7	8,597	49.2
NA	3	15.0	0	0.0	0	0.0		
<b>Total</b>	<b>20</b>	<b>100.0</b>	<b>17,459</b>	<b>100.0</b>	<b>1,369</b>	<b>7.8</b>	<b>17,459</b>	<b>100.0</b>
	<b>Owner Occupied Units by Tract</b>		<b>Households</b>					
			<b>HHs by Tract</b>		<b>HHs &lt; Poverty by Tract</b>		<b>HHs by HH Income</b>	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	4,491	17.6
Moderate	0	0.0	0	0.0	0	0.0	3,452	13.5
Middle	8,875	43.7	11,416	44.8	1,202	10.5	4,733	18.6
Upper	11,419	56.3	14,074	55.2	1,418	10.1	12,814	50.3
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>20,294</b>	<b>100.0</b>	<b>25,490</b>	<b>100.0</b>	<b>2,620</b>	<b>10.3</b>	<b>25,490</b>	<b>100.0</b>
	<b>Total Businesses by Tract</b>		<b>Businesses by Tract and Revenue Size</b>					
			<b>Less than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue not Reported</b>	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	1,111	38.5	999	38.0	69	43.1	43	42.6
Upper	1,778	61.5	1,629	62.0	91	56.9	58	57.4
NA	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>2,889</b>	<b>100.0</b>	<b>2,628</b>	<b>100.0</b>	<b>160</b>	<b>100.0</b>	<b>101</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			91.0		5.5		3.5	

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

According to data published by the FFIEC, census tracts are designated as underserved when they are located in predominately rural areas that are distant from population centers and may lack access to certain services. Based upon both the 2014 and 2015 census tract designations, two of the eight middle-income tracts (both located in Lancaster County) have been designated as underserved.

The assessment area is mainly rural with centers of commerce and industry located throughout the area. The main employment sectors in the market include medical, manufacturing, and retail. Local municipalities, governments, and school boards provide additional employment opportunities within the area. As noted in the table below, the unemployment rates in the counties, while declining, are generally higher than the Commonwealth's rate.

Unemployment Rate Trend			
Geographic Area	March 2014	March 2015	March 2016
Essex County	6.7%	6.1%	5.2%
King and Queen County	5.8%	5.2%	4.5%
Lancaster County	9.4%	8.9%	7.5%
Middlesex County	5.3%	4.9%	4.2%
Northumberland County	8.6%	7.8%	7.7%
Richmond County	6%	5.4 %	4.4%
Commonwealth of Virginia	5.5%	4.8%	4.2%

An economic development official was contacted recently to discuss local economic conditions and community credit needs. While the contact noted the banks are serving the credit needs of the area, they also mentioned the need for more employment opportunities in the area. The contact also mentioned participation by EVB in taking steps to improve the economic condition of the area by promoting small business efforts in Essex and surrounding counties. Although the bank faces no significant constraints in taking advantage of available community development opportunities, limited opportunities are available within the market.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:**

**LENDING TEST**

EVB's overall lending performance within this assessment area is considered good. This conclusion is based on an evaluation of the bank's lending activity, geographic and borrower distribution performance, and the level of community development lending. This analysis also takes into account the bank's market strategy, area demographic data, and aggregate loan data.

During 2014 and 2015, the bank originated \$47.5 million in small business and \$10.7 million in HMDA loans within the assessment area. Accordingly, the small business lending performance is given more weight than the residential mortgage lending performance when considering the bank's lending performance. As previously discussed, small farm lending is not considered within this assessment area because of its comparatively limited volume.

**Lending Activity:**

The number (29.3%) and dollar volume (24.3%) of lending within the assessment area lagged behind both the percentage of bank offices (34.6%) and the percentage of bank deposits (41.5%) within the market area. Providing additional context, as of June 2015, EVB ranked 1<sup>st</sup> out of nine institutions in deposit market share having 27.4% of the assessment area's available FDIC insured deposits (credit unions are not included). According to 2014 aggregate loan data, EVB ranked 4<sup>th</sup> out of 180 reporters in reported residential mortgage loans with a 4.1% market share and 1<sup>st</sup> out of 36 reporters in reported

small business loans with a 17.1% market share. In addition, according to 2015 aggregate data, the bank ranked 10<sup>th</sup> out of 197 reporters in reported residential mortgage lending with a 2.2% market share and 2<sup>nd</sup> out of 34 reporters in reported small business and farm lending with a 16.1% market share. Considering these factors, the bank's overall lending activity is considered good.

**Geographic Distribution:**

Given the absence of low- and moderate-income tracts in this assessment area, the bank's performance was based on the lending activity within the middle- and upper-income census tracts within the assessment area. When considering the bank's performance by loan product, its geographic distribution performance is considered adequate overall for both HMDA and small business lending.

**Distribution of HMDA Loans by Income Level of Census Tract**

Essex, VA NonMSA (2014)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
	(5) Home Purchase				(657)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	2	40.0	297	28.2	248	37.7	45,373	33.9
Upper	3	60.0	758	71.8	409	62.3	88,323	66.1
	(25) Refinance				(617)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	7	28.0	1,540	33.7	250	40.5	44,502	38.7
Upper	18	72.0	3,030	66.3	367	59.5	70,581	61.3
	(26) Home Improvement				(97)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	4	15.4	68	16.3	32	33.0	2,399	36.0
Upper	22	84.6	349	83.7	65	67.0	4,272	64.0
	(1) Multi-Family				(1)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	0	0.0	0	0.0	0	0.0
Upper	1	100.0	999	100.0	1	100.0	999	100.0
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	13	22.8	1,905	27.1	530	38.4	92,274	35.8
Upper	44	77.2	5,136	72.9	842	61.0	164,175	63.7
NA*	0	0.0	0	0.0	8	0.6	1,445	0.5
<b>Total</b>	<b>57</b>	<b>100.0</b>	<b>7,041</b>	<b>100.0</b>	<b>1,380</b>	<b>100.0</b>	<b>257,894</b>	<b>100.0</b>

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

Home improvement and refinance loans comprise the largest number of loans originated by the bank, while the highest volume is in the home purchase category for peer lenders. The bank's home purchase lending is considered good, its refinance lending is considered adequate and home improvement lending is considered poor. Given the low volume of multi-family lending extended within the assessment area, this loan category was given no weight when considering the bank's overall performance.

During 2014, the bank's HMDA lending in middle-income census tracts (22.8%) lagged the percentage of owner-occupied housing units located in such areas (43.7%) and the aggregate peer lending level (38.4%). This level of lending is considered poor.

During 2015, EVB extended 37 HMDA loans totaling \$3.6 million within the assessment area. Of these loans, 35.1% totaling \$1.7 million (45.4%) were extended in middle-income census tracts. This lending level is similar to both the 2014 aggregate lending level within middle-income tracts (38.4%) and the 2015 demographic proxy (43.7%). This level of lending is considered good.

Overall, given the greater weight afforded to its 2014 lending performance, and based on the relative strengths of performance within each year, EVB's HMDA geographic lending distribution is considered adequate.

**Distribution of Small Business Loans by Income Level of Census Tract**

(Bank lending includes both Small Business and Small Business secured by Real Estate)

Essex, VA NonMSA (2014)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% S	#	%	\$ (000s)	% S
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	60	35.3	10,507	43.0	349	45.6	17,102	48.4
Upper	110	64.7	13,954	57.0	417	54.4	18,269	51.6
NA*	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>170</b>	<b>100.0</b>	<b>24,461</b>	<b>100.0</b>	<b>766</b>	<b>100.0</b>	<b>35,371</b>	<b>100.0</b>

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

D&B data indicate that 38.5% of all area businesses are located in middle-income census tracts. As reflected in the preceding table, EVB's lending in middle-income census tracts (35.3%) is slightly less than both the demographic and aggregate proxies. Overall, the bank's performance in 2014 is considered adequate, and performance in 2015 is substantially similar.

**Distribution by Borrower Income and Revenue Size of the Business:**

EVB's borrower distribution performance (lending to borrowers of different income/revenue levels) is excellent due to excellent lending conclusions for both HMDA and small business lending.

**Distribution of HMDA Loans by Income Level of Borrower**

Essex, VA NonMSA (2014)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% S	#	%	\$ (000s)	% S
<b>HMDA Totals</b>								
Low	11	24.4	215	5.2	69	6.2	4,801	2.3
Moderate	7	15.6	147	3.5	147	13.2	14,341	7.0
Middle	8	17.8	732	17.6	230	20.7	31,642	15.5
Upper	19	42.2	3,060	73.7	664	59.9	153,632	75.2
<b>Total</b>	<b>45</b>	<b>100.0</b>	<b>4,154</b>	<b>100.0</b>	<b>1,110</b>	<b>100.0</b>	<b>204,416</b>	<b>100.0</b>
Unknown	12		2,887		270		53,478	

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

Demographic data indicates that within the assessment area, 14.6% and 15.3% of families are low- and moderate-income, respectively. EVB's lending to low-income borrowers (24.4%) was substantially greater than the demographic and aggregate peer proxies. Additionally, lending to moderate-income borrowers (15.6%) was similar to the demographic demand proxy, but exceeded the aggregate lending level. When considering demographic demand proxies and the aggregate lending levels in low- and moderate-income tracts, EVB's overall level of lending is considered excellent, and the 2015 lending level was substantially similar.

**Distribution of Lending by Loan Amount and Size of Business**

(Bank lending includes both Small Business and Small Business secured by Real Estate)

<b>Essex, VA NonMSA (2014)</b>								
<i>by Revenue</i>	<b>Bank</b>				<b>Aggregate*</b>			
	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>% \$</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>% \$</b>
\$1 Million or Less	128	75.3	15,182	62.1	388	46.2	17,263	47.6
Over \$1 Million	42	24.7	9,279	37.9	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
<i>by Loan Size</i>								
\$100,000 or less	103	60.6	4,442	18.2	757	90.1	12,480	34.4
\$100,001-\$250,000	36	21.2	6,293	25.7	48	5.7	8,522	23.5
\$250,001-\$1 Million	31	18.2	13,726	56.1	35	4.2	15,259	42.1
<b>Total</b>	<b>170</b>	<b>100.0</b>	<b>24,461</b>	<b>100.0</b>	<b>840</b>	<b>100.0</b>	<b>36,261</b>	<b>100.0</b>

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

D&B data indicates that 91% of all local businesses have revenues that do not exceed \$1 million per year. According to 2014 aggregate small business data, 46.2% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 61.5% were made to businesses having annual revenues of \$1 million or less. During 2014, 75.3% of the bank's small business lending, including small business lending secured by real estate, was to businesses with annual revenues of \$1 million or less. The bank's small business lending during 2014 is considered excellent. EVB's small business lending during 2015 was substantially similar.

**Community Development Lending:**

EVB faces no significant constraints in taking advantage of all available community development opportunities; however, limited opportunities exist for community development lending within the market area. During this evaluation period, the bank originated one loan for \$50,000 to a local organization that serves low- and moderate-income individuals. To the extent that EVB made additional loans that facilitate community development, such loans have already been reported as small business, small farm, or HMDA loans and cannot also be reported as community development loans. Given all of these factors, the overall level of community development lending is considered adequate.

**INVESTMENT TEST**

As mentioned previously, EVB has qualified investments totaling \$12.2 million that benefit the Virginia statewide area which includes the Essex, VA NonMSA assessment area. Additionally, the bank holds a \$1.5 million bond in the Senior Housing Crime Prevention Foundation (SHCPF). The yield on the bond, 1.5% per year (\$45,000 during the evaluation period), funds safe living environments for low- and moderate-income elderly individuals through the Senior Crimestoppers programs within this assessment area.

In addition, EVB contributed \$14,775 in charitable donations to local organizations which provided qualified community development services targeted to the assessment area. Overall, when considering investment opportunities and market presence, EVB's level of investments exhibits good responsiveness to area community development needs.

## **SERVICE TEST**

Within the assessment area, the bank's performance under the service test is considered adequate. Systems for delivering retail banking services are readily accessible to essentially all portions of the assessment area, including low- and moderate-income areas. Also, EVB employees participated in an adequate level of community development services.

### **Retail Services:**

Delivery systems are reasonably accessible to all portions of the assessment area. ATMs are available and, through a network, provide customers with 24-hour nationwide access. Bank-by-mail and bank-by-computer services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. The institution has nine full-service branches within this assessment area. Given the absence of low- and moderate-income tracts within the assessment area, branch locations and business hours are considered convenient and meet the needs of the assessment area.

### **Community Development Services:**

In addition to the aforementioned low-cost checking product that can be beneficial to low- and moderate-income residents, EVB developed a package of products for women-owned small businesses throughout all of its assessment areas. Additionally, EVB's employees participate in an adequate level of community development service endeavors that provide support to various local organizations whose operations directly benefit low- and moderate-income residents or encourage micro-enterprise development. The activities within the assessment area are listed below.

- Participation in the Northern Neck Business Incubator – Two employees conducted a financial seminar focused on small business lending. The seminar was facilitated by the Small Business Development Center in Warsaw, in affiliation with the University of Mary Washington.
- Participation in the Workforce Development Day conducted by the Rappahannock Community College – Several bank employees conducted training on steps to start a business. The training focused on set-up, financing, and banking needs.
- Several bank employees conducted personal finance classes for students at Jacob's Ladder, an organization that serves low- and moderate-income youth within the assessment area.



**NONMETROPOLITAN STATEWIDE AREA**

*(If none of the assessment areas within the nonmetropolitan statewide area were reviewed using full-scope review)*

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NONMETROPOLITAN STATEWIDE AREA**

Certain assessment areas, which are noted in the table below, were 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 TESTS**

Facts and data reviewed for each assessment area, including performance and demographic information, can be found in APPENDIX C of this evaluation. Conclusions regarding performance, which did not impact the institution's overall rating, are 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 statewide ratings. In the case where the performance was considered below, the performance was at least adequate for the assessment area.

Assessment Area	Lending Test	Investment Test	Service Test
Southampton, VA NonMSA	Below	Below	Below

**CRA APPENDIX A  
ASSESSMENT AREA COMPOSITION**

<b>Assessment Area</b>	<b>City/County included</b>	<b>Census Tracts</b>
Richmond, VA MSA	Caroline County	All
	Charles City County	All
	Chesterfield County	All
	City of Colonial Heights	All
	Dinwiddie County	All
	Hanover County	All
	Henrico County	All
	City of Hopewell	All
	King William County	All
	New Kent County	All
	City of Petersburg	All
	Prince George County	All
	Richmond City	All
	Sussex County	All
Virginia Beach-Norfolk-Newport News VA-NC MSA	Gloucester County	All
	City of Hampton	All
	James City County	All
	Mathews County	All
	City of Newport News	All
	City of Poquoson	All
	City of Williamsburg	All
Essex, VA NonMSA	York County	All
	Essex County	All
	Lancaster County	All
	King and Queen County	All
	Middlesex County	All
	Northumberland County	All
Southampton, VA NonMSA	Richmond County	All
	Southampton County	All
	Surry County	All

**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, 2015. The loan volume includes all reported HMDA, small business, small business secured by real estate, and small farm loans considered in the evaluation.

Assessment Area	Loans				Branches		Deposits	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Richmond, VA AA*	756	47%	\$136,509	51.5%	9	34.6%	\$379,959	38.9%
Essex, VA NonMSA*	471	29.3%	\$64,474	24.3%	9	34.6%	\$404,844	41.5%
Virginia Beach, VA AA^^	323	20.1%	\$59,451	22.5%	5	19.2%	\$142,125	14.6%
Southampton, VA NonMSA^^	59	3.6%	\$4,412	1.7%	3	11.6%	\$49,019	5%
<b>TOTAL</b>	<b>1,609</b>	<b>100%</b>	<b>\$264,846</b>	<b>100%</b>	<b>26</b>	<b>100%</b>	<b>\$975,947</b>	<b>100%</b>

\*Full Scope Markets

^^Limited Scope Markets

**CRA APPENDIX C  
LIMITED REVIEW TABLES**

**VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA MSA ASSESSMENT AREA**

The assessment area is comprised of the entirety of Gloucester, James City, Matthews, and York Counties and the cities of Hampton, Newport News, Poquoson, and Williamsburg. EVB operates five full-service branches in this market.

**Performance Test Data for Virginia Beach-Norfolk-Newport News, VA MSA**

**LENDING TEST**

**Limited Review Lending Table**

Virginia Beach-Norfolk-Newport News, VA (2014)									
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic	
	#	%	%	%	#	%	%	%	
<i>Geographic</i>	Home Purchase				Home Improvement				
	(0)				(3)				
	Low	0	0.0	0.8	1.1	0	0.0	1.2	1.1
	Moderate	0	0.0	19.0	18.9	0	0.0	25.3	18.9
	Middle	0	0.0	41.7	40.7	2	66.7	42.9	40.7
Upper	0	0.0	38.4	39.3	1	33.3	30.6	39.3	
<i>Geographic</i>	Refinance				Multi-Family				
	(1)				(0)				
	Low	0	0.0	0.9	1.1	0	0.0	4.5	1.1
	Moderate	0	0.0	19.2	18.9	0	0.0	40.9	18.9
	Middle	1	100.0	42.6	40.7	0	0.0	40.9	40.7
Upper	0	0.0	37.3	39.3	0	0.0	13.6	39.3	
<i>Geographic</i>	HMDA Totals				Consumer				
	(4)				(NA)				
	Low	0	0.0	0.9	1.1	NA	NA	NA	NA
	Moderate	0	0.0	19.5	18.9	NA	NA	NA	NA
	Middle	3	75.0	42.2	40.7	NA	NA	NA	NA
Upper	1	25.0	37.4	39.3	NA	NA	NA	NA	
<i>Borrower</i>	(3)				(NA)				
	Low	0	0.0	10.6	19.3	NA	NA	NA	NA
	Moderate	0	0.0	23.7	18.3	NA	NA	NA	NA
	Middle	3	100.0	26.5	22.6	NA	NA	NA	NA
	Upper	0	0.0	39.2	39.8	NA	NA	NA	NA
<i>Geographic</i>	Small Business				Small Farm				
	(37)				(3)				
	Low	5	13.5	7.7	7.2	0	0.0	4.5	2.3
	Moderate	6	16.2	19.4	22.0	0	0.0	13.6	10.6
	Middle	18	48.6	32.2	35.1	1	100.0	68.2	55.3
Upper	8	21.7	40.7	35.7	0	0.0	13.7	31.8	
<i>Revenue</i>									
Busn/ Farms with revenues <=\$1 M	27	73.0	49.4	91.0	1	100.0	45.5	97.7	

*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*

The bank's small business and HMDA lending in 2015 is better than its performance in 2014. No community development loans were originated during the evaluation period.

### **INVESTMENT TEST**

In addition to the \$12.2 million of investments that benefit multiple assessment areas, EVB made \$11,750 in charitable donations to organizations that provide community development services within this assessment area.

### **SERVICE TEST**

Five branch offices are located in this market, of which, one (20%) is located in a low-income tract and one (20%) is located in a moderate-income census tract. Banking services offered in this assessment area are substantially the same as the services available to other communities the bank serves.

Additionally, the bank and its employees participated in the following community development service activities within the assessment area:

- Financial literacy – a bank employee provided financial literacy education to an area middle school whose students are predominantly low- or moderate-income.
- Newport News Education Foundation – a bank employee serves on the board for this organization which provides financial support and training to area students, a majority of whom are low- or moderate-income.

**SOUTHAMPTON, VA NON MSA ASSESSMENT AREA**

This assessment area is comprised of the entirety of Southampton and Surry Counties. EVB operates three full-service branches in the market. The assessment area does not have any low- or moderate-income census tracts.

**Performance Test Data for Southampton, VA NonMSA**

**LENDING TEST**

**Limited Review Lending Table**

Southampton, VA NonMSA (2014)									
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic	
	#	%	%	%	#	%	%	%	
Geographic	Home Purchase				Home Improvement				
	(3)				(1)				
	Low	NA	NA	NA	NA	NA	NA	NA	
	Moderate	NA	NA	NA	NA	NA	NA	NA	
	Middle	0	0.0	19.4	28.5	0	0.0	37.7	28.5
Upper	2	100.0	80.6	71.5	1	100.0	62.3	71.5	
Geographic	Refinance				Multi-Family				
	(2)				(8)				
	Low	NA	NA	NA	NA	NA	NA	NA	
	Moderate	NA	NA	NA	NA	NA	NA	NA	
	Middle	0	0.0	25.3	28.5	0	0.0	0.0	28.5
Upper	2	100.0	74.7	71.5	0	0.0	0.0	71.5	
Geographic	HMDA Totals				Consumer				
	(5)				(NA)				
	Low	NA	NA	NA	NA	NA	NA	NA	
	Moderate	NA	NA	NA	NA	NA	NA	NA	
	Middle	0	0.0	23.9	28.5	NA	NA	NA	NA
Upper	5	100.0	76.1	71.5	NA	NA	NA	NA	
Borrower	(5)				(NA)				
	Low	0	0.0	6.5	16.0	NA	NA	NA	NA
	Moderate	0	0.0	20.1	14.3	NA	NA	NA	NA
	Middle	3	60.0	31.3	16.9	NA	NA	NA	NA
	Upper	2	40.0	42.1	52.8	NA	NA	NA	NA
Geographic	Small Business				Small Farm				
	(19)				(6)				
	Low	NA	NA	NA	NA	NA	NA	NA	
	Moderate	NA	NA	NA	NA	NA	NA	NA	
	Middle	0	0.0	21.1	24.5	1	16.7	42.9	33.7
Upper	19	100.0	78.9	75.5	5	83.3	57.1	66.3	
Revenue									
Busn/ Farms with revenues <=\$1 M	15	78.9	52.0	91.3	6	100.0	58.4	97.1	

Geographic ( ) represents the total number of bank loans for the specific Loan Purpose where geography is known  
 Borrower ( ) represents the total number of bank loans for the specific Loan Purpose where income is known  
 NA represents no activity in the income category

The bank's HMDA performance in 2015 is better than in 2014, while small business lending was similar in both years. No community development loans were reported as extended within this assessment area during the evaluation period.

**INVESTMENT TEST**

Qualified investments that benefit multiple assessment areas, including this one, have been made totaling \$12.2 million.

**SERVICE TEST**

EVB operates three full-service branches in the assessment area. Bank services offered in this assessment area are substantially similar as the services available to other communities served by the bank.

No community development services were noted for this assessment area.

## CRA APPENDIX D

### 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, Investment, and Service 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, Investment, and Service 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.