



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 27, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Blue Ridge Bank, N.A.
Charter Number 22984

213 North Locust
Floyd, Virginia 24091

Office of the Comptroller of the Currency
3800 Electric Road, Suite 204
Roanoke, Virginia 24018

NOTE: *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.*

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of the **Blue Ridge Bank, N. A.** prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of February 12, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 Code of Federal Regulations (CFR) Part 25.*

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

Blue Ridge Bank, N.A. has met or exceeded the standards for satisfactory performance for each of the following assessment criterion: loan to deposit ratio; lending within the assessment area; lending to borrowers of different incomes and to businesses of different sizes; geographic distribution of loans; and, response to consumer complaints.

The following table indicates the level of CRA performance of **Blue Ridge Bank, N.A.** with respect to each assessment criterion for small institutions:

SMALL INSTITUTION ASSESSMENT CRITERIA	Blue Ridge Bank, N.A. Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints received.		

DESCRIPTION OF INSTITUTION

Blue Ridge Bank, N.A. is a \$127 million community bank whose main office is in Floyd, Virginia. In addition to its main office, Blue Ridge Bank (BRB) operates five branch offices throughout its three assessment areas. Within the Floyd County, Montgomery County and City of Radford assessment area, there are a total of four banking facilities, including the main office. Two other branch offices operate within the City of Bristol and in Wytheville, Virginia. All offices are full-service facilities, offering a traditional line of products and services.

DESCRIPTION OF ASSESSMENT AREA

Blue Ridge Bank has three assessment areas for purposes of the CRA. One assessment area (AA) includes Floyd and Montgomery Counties of Virginia and the independent city of Radford, Virginia. A second is defined as Wythe County, Virginia. The third encompasses the city of Bristol, Virginia, which is part of the Johnson City-Kingsport-Bristol, TN-VA Metropolitan Statistical Area (MSA). Those assessment areas meet the legal requirement of the CRA which stipulates that an assessment area be comprised only of whole, contiguous geographies.

This examination focused on BRB's performance within Floyd and Montgomery Counties and the city of Radford. Conclusions and data presented in this performance evaluation relate to that assessment area only. Since the Bristol and Wytheville branches were opened during the third and fourth quarters of 1997 an analysis of their assessment areas would not be meaningful.

The Montgomery County, Floyd County and City of Radford assessment area includes two block numbering areas (BNAs) within Floyd County, seventeen census tracts (CTs) within Montgomery County and five CTs within the city of Radford. Five of the twenty two CTs within the assessment area contain no residential households.

Both of the BNAs within Floyd County are designated as middle-income areas. The remaining seventeen tracts containing residential households have income designations as follows: one low-income, one moderate-income, eight middle-income, and seven upper-income tracts.

Floyd County is a 383 square mile area located in the Blue Ridge province of southwest Virginia, whose county seat is also known as Floyd. The Blue Ridge Parkway constitutes the majority of the eastern border of the County. According to 1990 U.S. Census data, the population of Floyd County was 12,005 and the median age was 37.8. Major employers in Floyd County include Hollingworth & Vose Company, and Donkenny Apparel, Inc., Skyline Sportswear Plant & Fabric Cutters Plant.

Montgomery County is located in the southwestern part of Virginia in an area known as the New River Valley between the Appalachian Plateau and the Blue Ridge Mountains. The cities of Christiansburg and Blacksburg are located within Montgomery County and are the population

centers of the county. Christiansburg is the county seat, as well as the retail center of the New River Valley. According to the Montgomery Regional Economic Development Commission, Montgomery County continues to grow and support a well-diversified economy. Since the 1970s, the industrial base has experienced an overall picture of growth. Government, manufacturing, trade and service industries are strongly represented in the county. Tourism plays an important role as well.

Contacts made within the local community indicate a need for small dollar consumer loans and residential real estate loans, in particular, affordable housing credit. The bank has a number of products to address these needs, including various small dollar loan products and various residential real estate loan programs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio

Blue Ridge Bank exhibits a reasonable loan-to-deposit (LTD) ratio compared with similarly situated institutions. The LTD ratio has averaged 73% over the past five quarters and equalled 68% at 9/30/97. Local peer LTD ratios range from 68% to 83% during this period. The high volume of low-dollar consumer loans and the competitive banking environment in which the bank operates further supports the reasonableness of the loan to deposit ratio.

The bank also facilitates credit in its assessment area that is not reflected on its balance sheet. Customers are referred to the bank's associated company, the Mortgage Company of Virginia, for conventional residential mortgages. The Mortgage Company of Virginia participates in programs offered by the Virginia Housing Development Authority which benefit borrowers with low and moderate income levels.

Lending in the Assessment Area:

The substantial majority of Blue Ridge Bank's lending activity is within the assessment area. Based on a sample of credits reviewed during this activity, 81% of the bank's originations are within the assessment area.

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

Blue Ridge Bank has been responsive to the credit needs of persons of all income levels within its assessment area, including the needs of low- and moderate-income borrowers. As shown in the table below, the percentage of loans to low-income borrowers mirrored the percentage of low-income families within its assessment area. The percentage of loans to moderate-income borrowers exceeded the percentage of moderate-income families within the assessment area.

Income Level	Residential RE		Consumer	Combined
	Percent of Families in AA	Percent by Number	Percent by Number	Percent by Number
Low	20%	6%	32%	21%
Moderate	18%	12%	44%	31%
Middle	21%	35%	20%	27%
Upper	41%	47%	4%	21%
Total	100%	100%	100%	100%

In addition to lending to individuals of various income levels, Blue Ridge Bank, N.A. lends appropriately to businesses of all sizes, with the majority of commercial loans made to small businesses. This is reasonable, considering that most of the businesses within the assessment area are small and employ fewer than 50 employees. From May to November, 1997, Blue Ridge Bank made 56 business purpose loans totaling \$1,230M. Of these, 54 loans totaling \$926M were made to small businesses. This represents 96% by number and 75% by dollar volume.

Geographic Distribution of Loans

The geographic distribution is reasonable considering the demographics of the assessment area. Of the two BNAs and seventeen inhabited census tracts within the assessment area, one is low-income and one is moderate-income. The bank has no offices within these low- and moderate-income areas.

While lending within the low and moderate income tracts is limited, less than 3% of the total families within the assessment area live in those tracts. More specifically, of the 22,000 families in the assessment area, only 13 families live within the low-income tract and 613 families live within the moderate-income tract.

Response to Complaints

BRB has received no CRA related complaints since its prior CRA examination which was performed during February 1994.

Compliance with Antidiscrimination Laws and Regulations

A fair lending examination was performed in conjunction with this CRA evaluation. No violations of the substantive provisions of antidiscrimination laws and regulations were identified.