



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

September 08, 2008

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Access National Bank  
Charter Number: 23880

1800 Robert Fulton Drive  
Reston, VA 20191-0000

Office of the Comptroller of the Currency

NORTHERN PENNSYLVANIA (WILKES)  
60 Public Square Suite 602  
Wilkes-Barre, PA 18701

**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.

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

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Outstanding.**

- Access National Bank's (ANB) distribution of loans represents a reasonable penetration among geographies of different income levels and businesses of different sizes.
- ANB's loan-to-deposit ratio is more than reasonable.
- A substantial majority of ANB's primary loan products were originated within the bank's assessment area.
- ANB's community development activities, as a whole, demonstrates excellent responsiveness to the community development needs of the bank's AA

## **Scope of Examination**

Access National Bank (ANB) was evaluated under the Intermediate Small Bank examination procedures, which includes a lending test and a community development (CD), test. The lending test evaluates the bank's record of meeting the credit needs of its assessment area (AA) through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and community development services.

The lending test for ANB covers its performance from January 1, 2005 through December 31, 2007, as this is representative of its lending strategy since the last CRA examination. The evaluation period for the CD test is from January 7, 2003 through September 6, 2008. CD loans, investments and services submitted by management were verified to ensure that they met the regulatory definition for community development.

ANB's primary loan product is small business loans. To evaluate the bank's small business lending performance, we analyzed all of ANB's Community Reinvestment Act (CRA) small business loans made from January 1, 2005 through December 30, 2007. While ANB is not required to collect and submit HMDA data, the bank had collected the data for the evaluation period. Our verification of the small business loan data found it to be accurate and reliable.

## Description of Institution

Access National Bank (ANB) is a full-service intrastate bank headquartered in Reston, VA. As of December 31, 2007, ANB had total assets of \$622 million and tier one capital of \$57.4 million. ANB is wholly owned by Access National Corporation (ANC), a one-bank holding company headquartered in Reston, VA. ANC consolidated assets as of December 31, 2007 were \$622 million. In addition to ANB, the holding company has two other subsidiaries, Access National Mortgage, which originates mortgages and Access National Leasing, which provides commercial and industrial equipment leasing services. The Bank requested that subsidiary activities not be considered in this evaluation. There have not been any significant changes to ANB's corporate structure, including merger or acquisition activities, since the last CRA examination (2002).

In addition to the main office, ANB operates four full-service branches in Fairfax, Loudoun, and Prince William counties. ANB does not offer extended banking hours or ATMs at any of its branches. ANB does offer drive-thru service at its branch in Chantilly, VA. All branches have night deposit boxes. Since the previous CRA exam, ANB has opened four branches in Vienna, Leesburg, Reston and Manassas. The Manassas Branch is the only branch located in a moderate-income census tract. All other branches are located in either middle or upper census tracts. In 2003, ANB, ANC, and ANC's subsidiaries moved its headquarters from the Chantilly location (upper-income census tract) to Reston, VA (upper-income census tract). ANB did not close any branches during the evaluation period.

ANB offers a full range of deposit and loan products and services. Core services include residential mortgage lending, business banking and equipment/vehicle leasing. Deposit products and services include basic checking accounts and electronic transfer capabilities. Other services include savings accounts, money-market accounts, certificates of deposit, and consumer loan programs, residential mortgages, revolving lines of credit, commercial mortgages and business deposit accounts. The bank also offers internet banking.

As of December 31, 2007, ANB reported net loans of \$509 million and had a net loans and leases to total assets ratio of 82%. The loan portfolio composition is as follows:

<b>Loan Portfolio Summary by Loan Product December 31, 2007</b>	
<b>Loan Category</b>	<b>% of Total Loans and Leases</b>
Residential Real Estate	39.71%
Commercial Loans	48.23%
Construction and Land Development	11.63%
Farm	.20%
Other Loans	.23%

There are no legal or financial impediments to ANB's ability to meet the credit and CD needs of its AA. The bank was rated Satisfactory at its last CRA examination dated January 7, 2003.

## **Description of Assessment Area(S)**

ANB has one assessment area encompassing Fairfax, Arlington, Loudoun and Prince William counties and includes the cities of Fairfax, Falls Church, Manassas and Manassas Park. These counties are located in Northern Virginia and are located within the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division (MD), #47894. This MD is part of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (MSA), #47900. The bank's AA is comprised of 298 census tracts. The AA contains 2 low-income, 31 moderate-income, 113 middle-income, 151 upper-income tracts and one non-applicable census Tract. The N/A category consists of geographies that have not been assigned an income classification. The assessment area complies with the legal requirements of CRA and does not arbitrarily exclude low- and moderate- income areas.

Here is a summary of some demographic information for the bank's AA:

<b>Demographic Information for the bank's AA</b>					
	<b>#</b>	<b>% Low</b>	<b>% Moderate</b>	<b>% Middle</b>	<b>% Upper</b>
Geographies (Census Tracts)	298*	0.67%	10.40%	37.92%	50.67%
Population by Geography	1,686,914	0.21%	11.38%	39.30%	49.10%
Owner-Occupied Housing by Geography	420,627	4.85%	34.39%	60.87%	77.99%
Businesses by Geography	137,896	.15%	6.98%	39.58%	53.28%
Farms by Geography	2,087	0%	5.37%	40.25%	54.38%
Family Distribution by Income Level	430,575	.2%	9.85%	38.02%	51.93%
Household Distribution by Income Level	619,819	.18%	11.49%	40.15%	48.19%
Census Median Family Income (MFI)		\$88,468	Median Housing Value		\$209,537
HUD-Adjusted MFI: 2007		\$92,600	Families Below the Poverty Level		3.99%
			Unemployment Rate		1.48%

(\*) There is one census tract listed as N/A within the AA. The NA category consists of geographies that have not been assigned an income classification. This Tract accounts for .34% of the AA.  
Source: 2000 US Census and 2007 HUD updated MFI

The 2000 U.S. Census reported the total population of the AA at 1,686,914 million. Within the AA, there are 430,575 families and 619,859 households. There are 638,457 housing units, of which, 65.88% are owner-occupied, 31.08% are rental-occupied, and 3.04% are vacant housing units. The median housing cost is \$209,537.

The 2000 median income was \$88,468, and the 2007 HUD updated MSA median family income was \$92,600. Approximately, 0.20% of the families are low-income, 9.85% are moderate-income, 38.02% are middle-income, and 51.93% are upper-income. Approximately 3.99% of households are below the poverty level.

According to the 2007 business demographics, there are a total of 137,896 businesses in the AA. Approximately 67.69% of the businesses reporting have revenues less than \$1 million, approximately 6.40% have revenues greater than \$1 million, and the revenue was not reported for approximately 28.37% of the businesses. Approximately 0.15% of businesses are located in the low-income geography, 6.98% are located in moderate-income geographies, 39.58% are located in middle-income geographies, and 53.28% are located in upper-income geographies.

Competition for deposits in the MSA from other financial institutions is strong. The bank's competitors include both large national and regional banks as well as local community banks. As of June 30, 2007, ANB had a 0.31% deposit market share, ranking it 28th among 107 institutions in the Washington-Arlington-Alexandria MSA. The bank's major competitors are E\*Trade Bank (ranked 1st with a 21.4% market share and 2 branches), and Wachovia Bank NA (ranked 2nd with a 13.42% market share and 143 branch).

Competition for loans in the MSA from other financial institutions is also strong. The bank's competitors include both large national and regional banks as well as local community banks. Based upon the 2007 U.S. Peer small business data, ANB would have been ranked in the top 25 lenders in the Washington-Arlington-Alexandria MSA, of the 153 reporting institutions with approximately a .30% market share, if the bank had been a HMDA reporter during the period. The bank's major competitors within the MSA are American Express Bank, FSB, (ranked 1<sup>st</sup> with a market share of 31.66%), Chase Bank, USA, (ranked 2<sup>nd</sup> with a 15.23% market share), and Citibank (South Dakota) N.A. (ranked 3<sup>rd</sup> with a 13.79% market share).

The current local economy within the AA is characterized as stable and growing. Economic activity in the area is relatively diverse, with services, retail trade, finance, insurance and real estate being the primary economic activities. Average unemployment for the area is low (1.48%) compared to the national unemployment rate of 4.1%. Major employers for the AA are the Federal government, Booz Allen Hamilton, Lockheed Martin, Northrup Grumman, AOL, Inova Health Services and the public school systems of the counties and cities in the AA.

In conducting our assessment of the bank's performance, we made one community contact and reviewed two other community contacts made within the past year for this AA. The community contact we completed was to a local non-profit business development organization. The two community contacts we reviewed were to a local business to business organization and a local economic development organization. Two of the contacts indicated there was a need for affordable housing for low- and moderate-income individuals and families. All three of the contacts identified the need for special small business lending programs such as SBA loans and Micro-enterprise loans. It was their feeling that as the market tightens many banks have become more restrictive in their credit underwriting guidelines for small businesses. They felt that programs designed specifically for small business lending would help to ensure that access to credit would not become an issue for small businesses. One of the community contacts indicated that there were plenty of opportunities for local banks to provide business credit counseling and provide their financial and technical expertise to the community through teaching classes on business development. Additionally, one of the community contacts indicated it was their feeling that ANB was considered a leader in community involvement among local financial institutions.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

ANB's performance under the lending test is satisfactory. ANB's loan-to-deposit ratio is more than reasonable. A substantial majority of ANB's primary loan product was originated within the bank's AA. When considering the performance context, ANB was found to have reasonable penetration among business of different sizes. Also when considering the bank's performance context, ANB's distribution of loans throughout census tracts of different income levels reflects a reasonable dispersion throughout the bank's AA.

### **Loan-to-Deposit Ratio**

ANB's average loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and considering the AA in which the bank operates. The bank's quarterly average loan-to-deposit ratio over the twenty quarters since the last CRA examination was 107.24%. During this twenty quarter period, this ratio ranged from a quarterly low of 93.39% to a quarterly high of 130.56%.

The bank's quarterly average loan-to-deposit ratio is also more than reasonable when compared to other national financial institutions in the state of Virginia. The quarterly average loan-to-deposit ratio for these similarly situated financial institutions over the same twenty quarters was 86.6%, and the ratio ranged from a quarterly low of 67.23% to a quarterly high of 130.99% during that time.

## Lending in Assessment Area

A substantial majority of ANB's small business loans originated during the evaluation period were within the bank's AA. As a result of this performance, ANB exceeds the standard for satisfactory performance for lending in the AA. An analysis of small business loans disclosed that 67% of the number and 69% of the dollar amount of loans were originated in the bank's AA.

The following table is an analysis of the distribution of small business loans.

<b>Table 1 - Lending in ANB's AA</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total*
	#	%	#	%		\$	%	\$	%	
Business	388	67.71	185	32.29	573	127,469,452	69.13	56,914,716	30.87	184,384,168

Source: Business loan data 1/1/2005-12/31/2007

(\*) There is one census tract classified as N/A within the AA. The NA category consists of geographies that have not been assigned an income classification. This Tract accounts for .34% of the AA.

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

The distribution of loans reflects reasonable penetration among businesses of different sizes, and ANB's record of lending to businesses of different sizes meets the standard for satisfactory performance. The percentage of small loans to small businesses (businesses with gross annual revenues of \$1 million or less) is near to the percentage of businesses in the AA. When considering the level of competition for loans of this type within the bank's AA this performance is considered reasonable. The bank is competing with larger financial institutions for the limited opportunities to lend through out this geography.

The following table details the bank's performance in lending to businesses of different sizes.

<b>Table 2A - Borrower Distribution of Loans to Businesses in ANB's AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total*
% of AA Businesses	67.69%	6.40%	25.91%	100%
% of Bank Loans in AA by #	63.14%	34.28%	2.58%	100%
% of Bank Loans in AA by \$	60.11%	36.18%	3.71%	100%

Source: Business loan data 1/1/2005-12/31/2007

(\*) There is one census tract classified as N/A within the AA. The NA category consists of geographies that have not been assigned an income classification. This Tract accounts for .34% of the AA.

## Geographic Distribution of Loans

The distribution of loans reflects reasonable dispersion throughout the bank's AA. There were no conspicuous gaps identified within ANB's AAs.

The percentage of ANB's small loans to businesses made in low-income geographies is greater than the percentage of businesses that are located in these geographies. The percentage of ANB's small loans to businesses made in moderate-income geographies is near to the percentage of businesses that are located in these geographies. ANB's performance is considered reasonable when considering there is only two low-income census tracts and thirty-one moderate-income census tracts in ANB's AA and the bank is competing with larger financial institutions for the limited opportunities to lend in the low- and moderate-income geographies.

The following table details the bank's performance as compared to the percentage of businesses in each census tract income level.

Table 3A – Geographic Distribution of Loans in ANB's AA								
Census Tract *Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	0.15%	0.26%	6.98%	5.155%	39.58%	32.47%	53.28%	62.11%

Source: Business loan data 1/1/2005-12/31/2007

(\*) There is one census tract classified as N/A within the AA. The NA category consists of geographies that have not been assigned an income classification. This Tract accounts for .34% of the AA.

## Responses to Complaints

The ANB did not receive any CRA related complaints during this evaluation period.

## COMMUNITY DEVELOPMENT TEST

The Community Development Test is rated outstanding. ANB's community development activities demonstrate excellent responsiveness to the community development needs within its AA. This performance is especially notable when considering the bank's capacity, its performance context, and the availability of community development opportunities available within the bank's AA. During the evaluation period, ANB provided a total of \$19.7 million in community development loans and qualified investments, grants, and donations to help meet community development needs.

In ANB's AA, the bank provided approximately \$9.6 million in community development loans and qualified investments, grants, and donations to help meet the community

development needs of its AAs. The bank also made \$10.1 million in community development loans and qualified investments to help meet the community development needs on a statewide level. Bank personnel also provided financial expertise to seven community development organizations serving the AA.

### **Number and Amount of Community Development Loans**

ANB originated 7 community development loans in its AA during our evaluation period totaling \$8.1 million. The 7 loans are highlighted below.

During 2007, ANB originated a small business loan under the SBA 504 program in the AA that has a community development purpose in the amount of \$1 million. The proceeds of this loan were to purchase a building for a local business, which helped to create new jobs in the AA.

During 2005, ANB originated a small business loan under the SBA 504 program in the AA that has a community development purpose in the amount of \$1.1 million. The proceeds of this loan were to purchase and develop a vacant commercial property into a restaurant, which helped to create new jobs in the AA.

During 2007, ANB originated a small business loan under the SBA 504 program in the AA that has a community development purpose in the amount of \$1.4 million. The proceeds of this loan were to purchase a building for a local business, which helped to create new jobs in the AA.

During 2006, ANB originated a small business loan under the SBA 504 program in the AA that has a community development purpose in the amount of \$1.1 million. The proceeds of this loan were to purchase and remodel a building for a local restaurant, which helped to create new jobs in the AA.

During 2006, ANB originated a small business loan under the SBA 504 program in the AA that has a community development purpose in the amount of \$1.1 million. The proceeds of this loan were to purchase and build-out a new building for a local business, which helped to create new jobs.

During 2006, ANB originated a small business loan under the SBA 504 program in the AA that has a community development purpose in the amount of \$1.3 million. The proceeds of this loan were to purchase and remodel a building for a local restaurant, which helped to create new jobs in the AA.

During 2006, ANB originated a small business loan under the SBA 504 program in the AA that has a community development purpose in the amount of \$2 million. The proceeds of this loan were to purchase a building for a local business, which helped to create new jobs in the AA.

### **Statewide/Regional CD Loans:**

ANB originated 4 community development loans outside its AA to businesses in surrounding Virginia census tracts during our evaluation period. The 5 loans were originated under the SBA 504 and 7(a) programs, totaling \$7.6 million. Under the programs the loans must have a community development purpose and create at least 1 job for every 50,000 disbursed.

### **Number and Amount of Qualified Investments**

ANB made one investment for \$1.5 million in a Community Development investment that benefited its AA. The investment is comprised of specialized mortgaged and asset-backed securities that support various housing and community development programs for low- and moderate- income individuals in the AA.

ANB made one donations for a total of \$3 thousand to a qualified community development organizations that provided affordable housing and community services to low- and moderate-income individuals in the AA.

### **Statewide/Regional Investment:**

ANB made two investments totaling \$2.5 million investment in the Virginia Housing Development Authority (VHDA). The VHDA was created to help low- and moderate-income residents attain quality, affordable housing. VHDA is responsible for administering state and federally funded housing programs, including those programs that would assist low- and moderate-income individuals and families obtain housing. This investment benefits the entire state of Virginia, including the bank's assessment areas.

### **Extent to Which the Bank Provides Community Development Services**

During the evaluation period, five bank officers and employees provided financial and technical expertise to seven qualified community development organizations. Also, the bank hosted fifteen small and emerging business seminars at its Headquarters during the evaluation period. The seminars educated business owners on topics such as business start-up and expansion. The following details the community development services that were provided during the evaluation period:

A bank employee provides financial and technical expertise by serving as a Treasurer and Director for an organization that provides scholarships to low- income and moderate- income individuals seeking training and career development programs through the County Public School system.

A bank employee provides technical and financial expertise by serving on the Board and

assisting small businesses with business and marketing plans at an organization that promotes economic growth through business development in the AA.

One employee presented a seminar for an organization that promotes growth and development of new businesses in the AA. The seminar was to small businesses on how to use the Small Business Administration to grow.

A bank employee provided financial and technical expertise by presenting a thirteen week program on budgeting skills for low- and moderate-income individuals, for a local homelessness prevention non profit organization.

A bank employee provided technical and financial expertise by presenting a seminar on funding sources for businesses, at a local university's incubator program. The incubator program facilitates the growth and development of start-up businesses.

A bank employee provided technical and financial expertise by serving on the Board of an organization that promotes small business development in the AA.

A bank employee provides financial and technical expertise by serving on the Board and Compensation Committee for an organization whose primary purpose is assisting small businesses with obtaining SBA 504 loans.

### **Responsiveness to Community Development Needs**

ANB's community development activities, as a whole, demonstrate excellent responsiveness to the community development needs of its AA, especially when considering the bank's capacity, its performance context, and the availability of community development opportunities in the bank's AA.

### **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs