



PUBLIC DISCLOSURE

January 27, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Old Dominion National Bank
Charter Number 24730

4916 Plank Road, Suite 216
North Garden, Virginia 22959

Office of the Comptroller of the Currency

4419 Pheasant Ridge Road
Suite 300
Roanoke, Virginia 24014

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 major factors supporting the institution's rating include:

- The institution's loan-to-deposit ratio is reasonable given its size, lending opportunities, and competitive market;
- A majority of the institution's loans reviewed during the evaluation were originated within the bank's assessment area;
- The institution's record of lending to borrowers of different income levels reflects excellent penetration and exceeds standards for satisfactory performance; and
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

SCOPE OF EXAMINATION

This Performance Evaluation assesses the bank's performance under the Lending Test for the period July 27, 2009 through December 31, 2013. We sampled loans originated between September 1, 2009 and December 31, 2011. The sample period was considered representative of the entire evaluation period. We selected consumer installment loans as the primary loan product based on total number of loans originated during the evaluation period and discussions with bank management. Our analysis was based on the sample of consumer installment loans originated during the evaluation period. The sample was selected based on judgmental sampling guidelines.

The Lending Test analysis is based on the bank's performance during the evaluation period using comparative demographic data from the 2000 U.S. Census.

DESCRIPTION OF INSTITUTION

Old Dominion National Bank (ODNB) is a \$42.4 million community institution headquartered in North Garden, Virginia. ODNB began operations on July 23, 2007. It is an independently owned institution with no holding company or operating subsidiaries. The institution was previously evaluated under the Community Reinvestment Act on July 23, 2009, and received a "Satisfactory" rating.

The institution is a full service community bank offering traditional loan and deposit services, with a focus on small business and consumer lending. The institution's retail services include checking accounts, traditional savings accounts, and health savings accounts. Commercial services include business checking and savings accounts, remote deposit capture, and commercial mortgages. The institution offers both 24-hour telephone banking as well as internet banking. Internet banking services are limited to standard options such as account transfers and bill pay. Additional information can be found at the institution's website at www.odnbonline.com.

ODNB operates two full-service branch offices, both located in Albemarle County, Virginia. These offices operate during regular business hours and each has drive-

through access. Each location also has an automated teller machine (ATM) that is available after regular business hours.

As of September 30, 2013, ODNB had net loans of \$26.9 million, total deposits of \$39.8 million, and Tier One Capital of \$2.6 million. Net loans represent 63 percent of total assets. The institution’s loan portfolio consists of one-to-four family residential real estate loans (43 percent), commercial real estate loans (25 percent), commercial loans (17 percent), consumer loans (7 percent), multifamily loans (5 percent), and construction loans (4 percent). Although consumer loans represent a small dollar amount of the portfolio, management indicated they are the bank’s primary loan product based on total number of loans originated.

ODNB faces strong competition from local community banks and branches of larger regional and national banks in its assessment area. According to the June 30, 2013 FDIC Deposit Market Share Report, ODNB has a 1.06 percent deposit market share in the Charlottesville MSA, and ranks 11th out of 18 institutions in the assessment area. Top competitors in the assessment area are Wells Fargo Bank with 20 percent market share and 10 branches; Bank of America with 19 percent market share and 9 branches; Branch Banking & Trust Company with 18 percent market share and 14 branches; SunTrust Bank with 10 percent market share and 6 branches; and Virginia National Bank with 10 percent market share and 4 branches.

DESCRIPTION OF ASSESSMENT AREA

ODNB has identified one assessment area (AA), which is comprised entirely of the Charlottesville MSA #16820. The information in Table 1 below provides the demographic data for the AA.

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA** % of #
Geographies (Census Tracts/BNAs)	37	2.70	24.32	51.35	21.62	0
Population by Geography	174,021	1.78	17.53	57.63	23.06	0
Owner-Occupied Housing by Geography	43,471	1.07	11.96	63.77	23.21	0
Businesses by Geography	15,704	0.83	13.58	59.62	25.97	0
Farms by Geography	553	0.54	11.57	62.39	25.50	0
Family Distribution by Income Level	43,119	19.18	18.43	23.26	39.21	0
Household Distribution by Income Level	67,611	22.63	15.97	20.05	41.34	0
Median Family Income		\$56,222	Median Housing Value		\$138,915	
2011 HUD Adjusted Median Family Income		\$76,700	Unemployment Rate***		4.0%	
Households Below Poverty Level		11.28%				

*Source: 2000 U.S. Census and 2011 HUD updated MFI.

**The NA category consists of geographies that have not been assigned an income classification.

***Unemployment Rate-December 2013 Bureau of Labor Statistics.

The Charlottesville MSA consists of the City of Charlottesville and Albemarle, Fluvanna, Greene, and Nelson counties. The area is centrally located in Virginia in the eastern foothills of the Blue Ridge Mountains. The Charlottesville MSA is approximately 71 miles west of Richmond, 110 miles southwest of Washington, D.C., and 162 miles northwest of Norfolk. The area possesses a highly diversified economy led by a strong commercial and service sector, light manufacturing, education and health services, and the travel industry.

The assessment area consists of 37 census tracts. Of the 37 census tracts, one (2.7 percent) is a low-income geography, nine (24.32 percent) are moderate-income geographies, 19 (51.35 percent) are middle-income geographies, and eight (21.62 percent) are upper-income geographies.

Major employers in the area are the University of Virginia, University of Virginia Health System, Defense Intelligence Community, Martha Jefferson Regional Hospital, State Farm Mutual Insurance, Crutchfield Corporation, GE Information Systems, Piedmont Virginia Community College, and Wintergreen Resorts. The primary industries in the area include services, government, trade, construction, and manufacturing. Due to the presence of the University of Virginia, the area offers a highly educated and highly skilled workforce to complement its infrastructure.

The current local economy for the Charlottesville MSA is improving. The 2013 annual unemployment rate improved to 4.0 percent compared to a 5.9 percent unemployment rate in 2009 when the last Performance Evaluation was completed. The annual unemployment rate for the state of Virginia for 2013 was 5.2 percent and the national annual unemployment rate for 2013 was 6.5 percent.

Community Contact

We reviewed a recent community contact with a government-housing agency, whose primary focus is to assist people in securing rental housing, paying rental subsidies, and assisting in the purchasing of homes. The contact noted there were plenty of lending opportunities to both commercial and residential borrowers. The contact noted that borrowers with lower credit scores had lesser access to mortgages since the credit crisis. The contact also noted that the majority of individuals who own their homes could not afford home improvement loans because they are on a fixed income. The contact's perception of local financial institutions is favorable, especially the local institutions that lend to local borrowers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

ODNB's performance under the lending test is "Satisfactory". ODNB's loan-to-deposit ratio is reasonable. The majority of ODNB's consumer loans were originated within the AA. ODNB's record of lending to borrowers of different income levels reflects excellent penetration. ODNB's geographic distribution of loans in the AA reflects reasonable dispersion.

Loan-to-Deposit Ratio

ODNB's average quarterly loan-to-deposit (LTD) ratio since September 30, 2009 is reasonable at 75.62 percent. The bank's quarterly LTD ratios ranged from a quarterly low of 61.73 percent at September 30, 2009 to a quarterly high of 83.17 percent at June 30, 2010. There are no similar banks within the AA. There are several established banking institutions operating in the AA, but each has a much larger size and branching network than ODNB. The closest similarly situated bank is Frontier Community Bank in Waynesboro, Virginia, which is approximately twice the size of ODNB and had a quarterly average LTD ratio over the evaluation period of 96.85 percent. The average LTD ratio for the other institutions in the AA was 85.89 percent

Lending in Assessment Area

The majority of consumer loans originated during the evaluation period were inside the assessment area. ODNB meets the standard for satisfactory lending performance within the assessment area. As shown in Table 2 below, twelve of the initial random sample of 20 consumer loans, or 60 percent, were originated within the assessment area.

Table 2- Lending in Charlottesville MSA 16820 AA										
Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$
Consumer Loans	12	60%	8	40%	20	242	60.4%	159	39.6%	1,623

Source: Data above is taken from the sample of loans used for the evaluation periods.

Lending to Borrowers of Different Incomes

ODNB's record of lending to borrowers of different income levels reflects excellent penetration and exceeds the standards for satisfactory performance.

Table 3 below shows the distribution of consumer loans among borrowers of different income levels compared to the percentage of households for each income level.

Table 3 - Borrower Distribution of Consumer Loans in AA*		
Borrower Income Level	% of AA Households	% of Number of Loans
Low	22.63%	40%
Moderate	15.97%	20%
Middle	20.05%	15%
Upper	41.34%	25%

*Data Source: 2000 U.S. Census

The institution's percentage of loans to low-income borrowers is above the percentage of low-income households in the assessment area. This penetration is excellent when taking into consideration that a low-income household earned less than \$38,348 and 11.28 percent of households within the assessment area are below the poverty level, making the pool of qualifying applicants smaller.

The institution's lending penetration to moderate-income borrowers is also considered excellent. ODNB's percentage of loans to moderate-income borrowers is above the percentage of moderate-income households in the assessment area.

Geographic Distribution of Loans

The geographic distribution of loans in the assessment area reflects reasonable dispersion. We did not identify any conspicuous lending gaps.

Table 4 below shows the dispersion of consumer loans among geographies of different income levels compared to the percentage of households in each census tract income level.

Table 4 - Geographic Distribution of Consumer Loans in AA*		
Census Tract Income Level **	% of AA Households	% of Number of Loans
Low	1.79%	0%
Moderate	18.51%	0%
Middle	59.56%	85%
Upper	20.14%	15%

*Data Source: 2000 U.S. Census

Within our sample, there were no loans made to borrowers in the low-income census tract. This is reasonable considering the existence of only one low-income census tract within the assessment area. The low population of only 3,089 limits the lending opportunities within this tract.

Within our sample, there were also no loans made to borrowers in moderate-income census tracts, which make up 18.5 percent of the assessment area.

Although our sample found no loans made in low- or moderate-income census tracts, the population of loans from which the sample was selected showed that there were 12 consumer loans made to borrowers in moderate-income tracts. In addition to consumer loans, there were nine 1-4 family mortgage loans made to borrowers in moderate-income census tracts. The institution has only two locations, both located in middle-income census tracts. Furthermore, the institution has a low deposit market share of 1.06 percent within the assessment area that also limits lending opportunities.

Responses to Complaints

There were no complaints regarding the bank's CRA performance during the evaluation period. This has a neutral impact on the overall CRA rating.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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