



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

March 17, 2003

Community Reinvestment Act Performance Evaluation

**The National Bank of Blacksburg
Charter Number: 12229**

**100 South Main Street
Blacksburg, VA 24060**

**Office of the Comptroller of the Currency
Virginia Field Office
3800 Electric Road, Suite 204
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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, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution's CRA Rating: This institution is Satisfactory.

The following table indicates the performance level with respect to the Lending, Investment, and Service Tests:

Performance Levels	The National Bank of Blacksburg 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 when arriving at an overall rating.

The major factors that support this rating include:

- Lending levels that reflect good responsiveness by NBB to the credit needs of its AA.
- Excellent distribution of loans among borrowers of different income levels throughout its AA.
- A substantial majority of the bank's loans are made in its AA.
- Community development lending levels had a positive impact on performance.
- The bank has an adequate level of qualified investments in the AA.
- Service delivery systems are readily accessible to geographies and individuals of different income levels.
- The bank hours and services do not vary in a way that inconveniences geographies and individuals of different income levels.
- The bank provides an adequate level of community development services.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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 MA/assessment area.

Block Numbering Area (BNA): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

Census Tract (CT): 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 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: 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.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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 household and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract or a block numbering area 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 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 (e.g., approved, denied, and withdrawn).

Home Mortgage Loans: such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing 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 Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., 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 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 MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of

individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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.

Description of Institution

The National Bank of Blacksburg (NBB) is an intrastate bank headquartered in Blacksburg, Virginia. The bank is owned by National Bankshares, Inc. (NBI), a \$668 million holding company. NBI is also headquartered in Blacksburg and owns The Bank of Tazewell County (BTC) and National Bankshares Financial Services (NBFS). NBFS was formed to sell insurance and investment products and services to NBB customers. NBI stock is traded on the NASDAQ Small Cap market under the symbol NKSH.

NBB is a full-service community bank serving the counties of Carroll, Giles, Grayson, Montgomery and Pulaski, and the cities of Radford and Galax in the New River Valley area of southwestern Virginia. NBB operates 13 full-service branches and nine ATMs in its single AA. Three branches were opened in middle-income geographies during the evaluation period. No branches were closed during the same period.

NBB was established in 1891 and had total assets of \$381 million as of December 31, 2002. Based on outstandings, loans to businesses is a major product, followed by home mortgage loans and consumer loans. At December 31, 2002, net loans were \$236 million, which equaled 62.0% of total assets. Net loans were distributed as follows: 41.0% commercial and industrial loans including commercial real estate loans, 33.5% secured by residential real estate, 15.6% to individuals, 8.2% construction and development loans, 1.7% all others. Tier 1 capital was \$33.4 million. Tier 1 risk-based capital to risk-weighted assets equaled 12.4%. Tier 1 leverage capital equaled 9.0%.

NBB has one inactive subsidiary, National Bankshares Operating, Inc. (NBOI).

During the evaluation period, there were no legal, financial or other factors impeding the bank's ability to help meet the credit needs in its AA. The bank received an "Outstanding" rating in its March 1997 CRA Performance Evaluation.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance under the Lending, Investment, and Service Tests. The evaluation under the Lending Test covers the bank's performance from January 1, 2000 through December 31, 2002, excluding community development loans. We reviewed small loans to businesses, home purchase loans and consumer loans. NBB is not a HMDA reporter and does not collect data on home mortgage loans. Home improvement and home refinance loans were excluded because sample sizes were not sufficient to conduct a meaningful analysis. Small loans to farms were excluded because they are not considered a primary product. The evaluation period for community development loans, the Investment Test, and the Service Test is March 27, 1997 to March 17, 2003.

Data Integrity

As part of this CRA evaluation, the bank's publicly filed information on small loans to businesses and farms was tested for accuracy. The test included an evaluation of the bank's processes to ensure that the data was reliable.

We found significant errors in the loan data. As a result, management was required to review and correct the data. During February 2003, we evaluated the bank's corrected data and found it to be reliable. This evaluation is based on accurate data.

Community development investments and services submitted by bank management were also verified to ensure that they met the regulatory definition for community development.

Selection of Areas for Full-Scope Review

NBB has one AA comprised of the contiguous non-MSA cities and counties noted in the "Description of Institution" section. This Virginia non-MSA AA received a full-scope review.

Ratings

The bank's overall rating is based on the rating for the state of Virginia. The state rating is based on the area that received a full-scope review.

Fair Lending Review

An analysis of the most recent years public comments, consumer complaint information, small business and small farm lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.

Conclusions with Respect to Performance Tests

Description of Institution's Operations in Virginia

NBB's business is concentrated in the area described earlier and known as the New River Valley of Virginia. NBB ranked 40th among 168 financial institutions in the state. As of June 30, 2002, NBB had total deposits of \$325 million equal to less than a 1% deposit market share in the state of Virginia.

Refer to the market profile for the state of Virginia in Appendix C for detailed demographics and other performance context information for the AA that received a full-scope review.

Scope of Evaluation in Virginia

In evaluating performance under the Lending Test and determining how each loan type would be weighted, we considered the bank's business strategy and financial condition, the number and types of loans originated and outstanding, and community credit needs identified through a review of discussions with community contacts and review of the state HUD Consolidated Plan.

Based on discussions with bank management, NBB's primary loan types are loans to businesses, home mortgage loans and consumer loans. To achieve the lending test rating, loans to businesses were given more weight. This was the only primary loan product for which NBB collected and maintained data during the evaluation period. Consumer loans were weighted more heavily than home purchase loans because the pool of sampled loans was larger for consumer than for home purchase.

LENDING TEST

Conclusions for Area Receiving a Full-Scope Review

Lending Test performance in the Virginia Non-MSA AA is rated **High Satisfactory**.

Lending Activity

Lending activity in the Virginia Non-MSA is good. At June 30, 2002, the bank ranked 2nd among 11 financial institutions in the AA with a 19.2% market share of deposits. Among 49 CRA reporters, the bank ranked 4th with an 8.4% market share of small loans to businesses and 2nd with a 15.6% market share in loans to businesses with less than \$1 million in gross annual revenues. Among depository institutions, NBB ranked 2nd with a 25.2% market share of small loans to businesses and 2nd with a 28.2% market share of loans to businesses with less than \$1 million in gross annual revenue.

Distribution of Loans by Income Level of the Geography

An analysis of the geographic distribution of loans would not be meaningful and was not performed for this evaluation.

The AA includes only one low-income and two moderate-income geographies. Opportunities to lend for all loan types are severely limited. In the low-income geography, there are only 16 owner-occupied housing units, 13 households and no businesses. Of the total population in the moderate-income geographies, 26.7% are between the ages of 18 and 24 compared to 14.4% for the same group on a state-wide basis. In the moderate-income geography located in Blacksburg, the bank's primary business market, 75.8% of available housing units are rental. Only 177 (2%) businesses are located in the moderate-income geographies.

Lending Gap Analysis

We evaluated the lending distribution to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies where loans were made to the geographies in the AA. We considered loan distributions, branch locations, competition, market conditions, and demographic information. No unexplained conspicuous gaps were identified. This had a positive impact on the bank's geographic distribution of loans.

Inside/Outside Ratio

A substantial majority of the bank's loan originations were in its AA. Overall, 95% of the bank's loan originations were within its AA. By loan product, 97% of home mortgage loans, 87% of consumer loans and 95% of small loans to businesses were inside the bank's AA. This analysis was performed on the entire bank rather than by AA.

Distribution of Loans by Income Level of the Borrower

The overall distribution of loans by borrower income level in the AA was excellent. The borrower distribution of home mortgage loans by income level was adequate. The borrower distribution of consumer loans was excellent. The borrower distribution of small loans to businesses was excellent. A substantial majority of small loans to businesses were for amounts less than \$100 thousand.

Home Mortgage Loans

Home purchase loan borrower distribution was adequate. The portion of loans made to low-income borrowers was significantly below the percent of low-income families within the AA. In our sample of 32 loans, there were no loans to low-income borrowers. Twenty-percent of the AA's families are low-income. The portion of loans to moderate-income borrowers was near to the percent of moderate-income families within the AA.

Consumer Loans

Consumer loan borrower distribution was excellent. The portion of loans made to low-income borrowers exceeded the percent of low-income families within the AA. The portion of loans to moderate-income borrowers exceeded the percent of moderate-income families within the AA.

Small Loans to Businesses

The borrower distribution of small loans to businesses was excellent. The percentage of loans to small businesses was near to the percent of businesses in the AA. The bank's market share of small loans to businesses exceeded its overall market share of loans in the AA. The bank also made a high percentage of its loans in smaller amounts.

Community Development Lending

The bank provided a relatively high level of community development services. During the evaluation period, NBB originated seven community development loans totaling \$1.7 million. Six loans provided funds for affordable housing for LMI families, and one loan funded business equipment and operating costs for a non-profit adult daycare. Community development lending had a positive impact on lending performance in the AA.

INVESTMENT TEST

Conclusions for Area Receiving a Full-Scope Review

The bank's performance under the Investment Test is rated **Low Satisfactory**. Based on a full-scope review, performance in the AA is adequate.

The bank has an adequate level of qualified investments in the AA. NBB made 16 contributions totaling \$49 thousand to community development organizations that provide direct support, services and activities that impact low- and moderate-income geographies and low- and moderate-income individuals in the AA.

The bank had seven qualified prior period investments totaling \$2.5 million still outstanding. These investments are in Virginia Housing Development Authority (VHDA) bonds. VHDA develops affordable housing for low- and moderate-income individuals throughout the state of Virginia including the bank's AA.

Total investments were equal to 7.8% of Tier 1 capital.

SERVICE TEST

Conclusions for Area Receiving a Full-Scope Review

The bank's performance under the service test in Virginia is rated **High Satisfactory**. Based on a full-scope review, the bank's performance in the AA is good.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels throughout the AA. The majority of low- and moderate-income families reside in middle-income geographies, 82.3% and 80.8%, respectively. One branch, 8%, is located in a moderate-income geography while the remaining 12, 92%, are in middle-income geographies. The bank does not have any branches located in low-income geographies, however, there is only one low-income geography in the AA and it contains only 2% of the total population.

NBB closed no branches during the evaluation period. Branch openings improved the accessibility of the bank's delivery systems for individuals of differing income levels. NBB expanded its assessment area by opening two branches in middle-income geographies in Pulaski County and one in a middle-income geography in the City of Radford. All low- and moderate-income families in Pulaski and Radford live in middle-income geographies.

The bank's hours and services do not vary in a way that inconveniences individuals of differing income levels living in the AA. Office hours and services throughout the AA are comparable among locations regardless of income levels or geography.

Community Development Services

The bank provides an adequate level of community development services. Officers and staff contributed services to five community service organizations in the AA during the evaluation period. These services consistently addressed community development needs through service on committees and boards of directors for organizations that provide assistance to small businesses and services to LMI areas or individuals.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD loans): 1/1/00 to 12/31/02 Investment and Service Tests and CD Loans: 3/27/1997 to 3/17/03	
Financial Institution	Products Reviewed	
The National Bank of Blacksburg	Small loans to businesses Home purchase loans Consumer loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Virginia Virginia Non-MSA	Full-Scope	The counties of Carroll, Giles, Grayson, Montgomery and Pulaski The cities of Galax and Radford

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

State of Virginia..... B-2

State of Virginia

VIRGINIA NON-MSA

Demographic Information for Full Scope Area: VIRGINIA NON-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	46	2.17	4.35	60.87	15.22	17.39
Population by Geography	190,257	0.02	6.41	74.74	14.62	4.21
Owner-Occupied Housing by Geography	47,847	0.03	6.08	80.15	13.74	0.00
Business by Geography	8,813	0.00	2.63	78.09	18.71	0.57
Farms by Geography	347	0.00	5.48	81.56	12.97	0.00
Family Distribution by Income Level	48,301	20.12	18.68	22.72	38.48	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	18,740	0.04	8.80	81.58	9.58	0.00
Median Family Income		28,301	Median Housing Value		59,511	
HUD Adjusted Median Family Income for 2002		43,000	Unemployment Rate (1990 US Census)		2.78%	
Households Below Poverty Level		19.55%				

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 1990 US Census and 2002 HUD updated MFI

The Virginia Non-MSA AA includes the counties of Carroll, Giles, Grayson, Montgomery and Pulaski and the cities of Galax and Radford. The area is commonly known as the New River Valley and is located in southwestern Virginia.

The manufacturing sector is the largest employer with retail businesses and service companies the next largest. Educational employment, both county school systems and secondary education institutions, accounts for a large portion of the service employment. Blacksburg is the home to Virginia Polytechnic Institute and State University (Virginia Tech), the state’s largest public university. The largest percent of businesses in the AA is in the services sector at 37% with retail businesses ranking second at 18%.

Economic conditions in the area are stable. Since 1980, the New River Valley has experienced steady population growth. The average unemployment rate for the AA, updated through March 2003, of 5.7% is higher than the Virginia state rate of 4% as of January 2003 but lower than the national average of 5.8% as of February 2003. Due to the large student population, the poverty level, at 20%, is higher than the state’s poverty level of 10.5% and the national average of 12.7%.

NBB’s primary business focus in this AA is lending to businesses. NBB also engages in residential real estate lending and consumer lending in the AA. NBB operates 13 full service branches in the AA, and nine ATMS, all of which accept deposits. Of all reporting FDIC-insured institutions in the AA, NBB was ranked second in market share with 19% of total deposits. There were 11 banking companies operating a total of 61

branches in the AA. NBB's primary competitors are First National Bank in Christiansburg, Wachovia, and First Virginia Bank-Southwest.

We reviewed the HUD Consolidated Plan for the State of Virginia to determine what issues are relevant to the AA and what are the community credit needs. The HUD plan states population growth and preservation of environmental quality are the key issues affecting all areas in Virginia. The State has identified needs for safe and sanitary emergency shelter to meet immediate housing needs, to provide transitional housing for long-term support and to provide permanent housing options, such as single-room occupancy (SRO) facilities and rental assistance. There is also a need to expand rental housing opportunities for low-income people by increasing the stock of affordable and decent rental housing and by promoting activities that result in economic self-sufficiency among tenants.

We made one community contact and also reviewed a community contact made in 2002 in conjunction with the CRA evaluation of another institution. The community contacts were with a director of a community service organization and the manager of a business incubator. Both serve the AA along with a broader regional area. Housing and small business loans were identified as the primary credit needs in the area. The demand for housing credit is especially high in Montgomery County, due to growth in that area. Based on our review of available information, investment and service opportunities are available in the AA.

Appendix C: Tables of Performance Data

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Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. **Tables without data are not included in this PE.**

The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration.

- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.

- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.

- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Consumer Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage

distribution of households throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 7. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 9. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 10. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 11. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 12. Borrower Distribution of Consumer Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 13. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with

revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

Table 14. Borrower Distribution of Small Loans to Farms - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 15. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at its book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area.

Table 16. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME		Geography: STATE OF VIRGINIA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002						
MA/Assessment Area (2003):	% of Rated Area Loans (#) in MA/AA*	Home Purchase		Small Loans to Businesses		Optional Loans Consumer		Community Development Loans**		Total Reported/Sampled Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:												
VIRGINIA	100.00	32	3,260	653	27,873	40	367	7	1,670	732	33,170	100.00

* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is From August 07, 2000 to March 03, 2003.

*** Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: STATE OF VIRGINIA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography *				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
Full Review:															
VIRGINIA	32	100.00	0.03	0.00	6.08	3.34	80.15	53.33	13.74	43.33	0.00	0.00	0.00	0.00	0.00

* Based on 2001 Peer Mortgage Data: US & PR.

** Home purchase loans as a percentage of all home purchase loans sampled in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 6. Geographic Distribution of Consumer Loans

Geographic Distribution: CONSUMER		Geography: STATE OF VIRGINIA					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Households***	% BANK Loans	% Households***	% BANK Loans	% Households***	% BANK Loans	% Households***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
Full Review:																
VIRGINIA	40	100.00	0.02	0.00	6.94	0.00	77.45	80.00	15.58	20.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2001 Peer Mortgage Data: US & PR.

** Consumer loans as a percentage of all consumer loans sampled in the rated area.

*** Does not include population of 0.01% residing in NA geographies.

Table 7. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: STATE OF VIRGINIA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans					
Full Review:															
VIRGINIA NON-MSA	653	100.00	0.00	0.00	2.63	0.93	78.09	67.75	18.71	31.33	8.36	0.00	3.49	7.84	14.04

* Based on 2001 Peer Small Business Data: US&PR.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2002).

Table 9. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: STATE OF VIRGINIA					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share *				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
Full Review:																
VIRGINIA	32	100.00	20.12	0.00	18.68	17.24	22.72	20.69	38.48	62.07	0.00	0.00	0.00	0.00	0.00	

* Based on 2001 Peer Mortgage Data: US & PR.

** As a percentage of loans with borrower income information available. No information was available for 9.38% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home purchase loans as a percentage of all home purchase loans sampled in the rated area.

Table 10. Borrower Distribution of Consumer Loans

Borrower Distribution: CONSUMER															Geography: STATE OF VIRGINIA					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share [*]													
	#	% of Total ^{**}	% Households ^{***}	% BANK Loans ^{****}	% Households ^{***}	% BANK Loans ^{****}	% Households ^{***}	% BANK Loans ^{****}	% Households ^{***}	% BANK Loans ^{****}	Overall	Low	Mod	Mid	Upp									
Full Review:																								
VIRGINIA	32	100.00	26.78	38.10	15.98	21.43	19.58	23.81	37.66	16.66	0.00	0.00	0.00	0.00	0.00									

^{*} Based on 2001 Peer Mortgage Data: US & PR.

^{**} As a percentage of loans with borrower income information available. No information was available for 6.67% of loans originated and purchased by BANK.

^{***} Percentage of Households is based on the 1990 Census information.

^{****} Consumer loans as a percentage of all sampled in the rated area.

Table 13. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: STATE OF VIRGINIA			Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share [*]	
	#	% of Total ^{**}	% of Businesses ^{***}	% BANK Loans ^{****}	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
VIRGINIA NON-MSA	653	100.00	75.39	65.54	92.04	6.13	1.84	8.36	15.59

^{*} Based on 2001 Peer Small Business Data: US&PR.

^{**} Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

^{***} Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

^{****} Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 19.75% of small loans to businesses originated and purchased by the bank.

Table 15. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: STATE OF VIRGINIA									
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
VIRGINIA	7	2,515	21	68	28	2,583	100.00	0	0

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 16. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																Geography: STATE OF VIRGINIA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002			
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population									
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography									
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp						
Full Review:																							
VIRGINIA	100.00	13	100.00	0.0	7.7	92.3	0.00	3	0	0	0	+3	0										