



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

June 25, 2002

# **Community Reinvestment Act Performance Evaluation**

**First National Bank  
Charter Number: 7937**

**105 Arbor Drive  
Christiansburg, VA 24068**

**Office of the Comptroller of the Currency**

**Virginia Field Office  
3800 Electric Road Suite 204  
Roanoke, VA 24018**

**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 rated **Satisfactory**.

The following table indicates the performance level of **First National Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	First National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
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 Test

- Excellent responsiveness to meeting the credit needs of their assessment area (AA).
- A high percentage of its loans are made in its AA.
- An adequate geographic distribution of loans in its AA.
- A good distribution, particularly in its AA, of loans among businesses of different sizes, given the product lines offered by the bank.
- An adequate distribution, particularly in its AA, of loans among individuals of different income levels, given the product lines offered by the bank.

### Investment Test

- A significant level of community development investments.
- Good responsiveness to credit and community development needs.

### Service Test

- Service delivery systems are readily accessible to geographies and individuals of different income levels in its AAs.
- To the extent changes were made, FNB’s record of opening branches has not adversely affected the accessibility of its delivery systems, particularly in the low- and moderate-income geographies and to low- and moderate-income individuals.
- Banking services and hours of operation do not vary in a way that it inconveniences its AA, particularly low- and moderate-income geographies or low- and moderate-income individuals.
- FNB provides a relatively high 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 a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the 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

First National Bank (FNB) is headquartered in Christiansburg, Virginia. Assets totaled \$592 million at March 31, 2002. FNB is an intrastate bank and operates 12 branches and 24 ATMs in southwestern Virginia. FNB is a wholly owned subsidiary of FNB Corporation. (FNBC) is also headquartered in Christiansburg, Virginia. FNBC is a holding company with assets of \$937 million at March 31, 2002. FNBC also owns Salem Bank and Trust located in Salem, Virginia. FNB has no subsidiaries.

FNB is a full-service financial institution. In addition to deposit, savings and credit products, FNB also offers access to managed and non-managed fiduciary services and investments. FNB's primary business focus is real estate lending for commercial, home mortgage and consumer purposes. FNB also does a significant amount of lending to businesses. At March 31, 2002, net loans represented 71% of total assets. The distribution of outstanding loans was as follows: residential real estate (43%), commercial including commercial real estate (38%), consumer (9%), construction and development (5%), all other (5%).

FNB's Tier 1 capital was \$45.4 million at March 31, 2002. Tier 1 risk based capital to risk weighted assets equaled 9.7% and Tier 1 leverage capital equaled 7.8%.

There were no legal, financial or other factors impeding FNB's ability to help meet the credit needs in its AAs.

FNB's CRA performance was rated "Satisfactory" in the last public evaluation dated May 4, 1999.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation assesses FNB's performance under the Lending, Investment, and Service Tests. The evaluation under the Lending Test covered FNB's performance from January 1, 1999 through December 31, 2001, excluding community development loans. FNB is not a HMDA reporter. No market share data is available.

We reviewed home purchase and refinance mortgage loans by sampling a portion of loans originated during the evaluation period. We did not evaluate home improvement loans. These are considered consumer loans at FNB. FNB does not collect data on home improvement loans and they are not coded in a manner that would permit a reliable sample to be selected for review. We also reviewed small loans to businesses reported under the CRA. We did not evaluate small farm loans since this is not a significant lending activity of FNB.

The evaluation period for community development loans, the Investment Test and the Service Test was May 4, 1999 to July 1, 2002. FNB originated no community development loans during the evaluation period.

In determining how each loan type would be weighted, we considered FNB's business strategy, the volume of originations, and community credit needs identified through discussions with community contacts. Overall, residential real estate loans and small loans to businesses were considered FNB's primary products. Loans to businesses are weighted more heavily because all loans originated during the evaluation period were used in the analysis. Because FNB is not a HMDA reporter, home purchase and refinance loans were sampled. The sample is representative but not inclusive of all home purchase and refinance loans originated during the evaluation period.

In evaluating performance under the Lending Test, higher weight is placed on distribution of loans by income level of the borrower. The geographic distribution of loans carried less weight because only 16 owner-occupied housing units are located in the low-income geography and no businesses are located there. Only 2,817, or 7% of owner-occupied housing units and only 188, or 4% of businesses are located in the moderate-income geographies.

### Data Integrity

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

We found significant errors in the small loans to businesses loan data. As a result, management was required to review and correct the data. Prior to beginning the CRA exam, we evaluated FNB's corrected data and found it to be reliable. This evaluation is based on accurate data.

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

## **Selection of Areas for Full-Scope Review**

FNB operates branches in the Virginia Non-MSA AA. This is FNB's sole AA. This AA was evaluated using full scope procedures. Refer to the "Scope" section under the state rating for details.

The bank's overall rating is based on this full-scope review.

## **Fair Lending Review**

An analysis of the most recent public comments and consumer complaint information, and small business 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. The latest comprehensive fair lending exam was performed in May 1999.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Area Receiving a Full-Scope Review

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

#### Lending Activity

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's lending activity.

Overall lending levels reflect excellent responsiveness to meeting the credit needs of their AA. At June 30, 2001, FNB ranked first out of 16 institutions in deposits in the Virginia Non-MSA AA with a 29% market share. FNB's average loan-to-deposit ratio over the evaluation period of 90% was excellent at 126% of the average for similarly situated institutions.

Relative to deposit market rank, FNB small business lending levels are excellent. FNB ranked first out of 37 CRA reporters and exceeded their deposit market share with a 30% market share in loans to businesses with \$1 million or less gross annual revenues.

#### Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans in this AA is adequate. The geographic distribution of home mortgage loans is adequate. The geographic distribution of small loans to businesses is adequate. No unexplained conspicuous gaps were identified in its AA. A high percentage of FNB's loan originations were in their AAs.

#### *Home Mortgage Loans*

Refer to Tables 2 and 4 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

#### *Home Purchase Loans*

The overall geographic distribution of *home purchase loans* is adequate. FNB made no loans in low-income geographies. The percent of home purchase loans in the moderate-income geography is somewhat lower than the percent of owner-occupied units in the moderate-income geography.

#### *Refinance Loans*

The overall geographic distribution of *refinance loans* is adequate. FNB made no refinance loans in the low-income geography. The percent of refinance loans in the moderate-income

geography is somewhat lower than the percent of owner-occupied units in the moderate-income geography.

### ***Small Loans to Businesses***

Refer to Table 6 in Appendix D for the facts and data used to evaluate the geographic distribution of FNB's origination/purchase of small loans to businesses.

The overall geographic distribution of *small loans to businesses* is adequate. There are no businesses located in the low-income geography. FNB's percent of small loans to businesses in the moderate-income geography is somewhat lower than the percent of businesses located in the moderate-income geography. FNB's market share of small loans to businesses in the moderate-income geography is somewhat lower than FNB's overall market share.

### ***Lending Gap Analysis***

We evaluated the lending distribution of this AA 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 analyzed the distribution of loans across geographies in the AA, and considered 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 high percentage of FNB's loan originations were in their AAs. Overall, 84% of FNB's loan originations were within their AAs. By loan product, 92% of home purchase and refinance loans and 83% of small loans to businesses were inside the bank's AAs. This analysis was performed on the entire bank rather than by AA. This had a positive impact on the bank's geographic distribution of loans.

### ***Distribution of Loans by Income Level of the Borrower***

The overall distribution of loans by income level in this AA is adequate. The distribution of home mortgage loans by borrower income level is adequate. The distribution of small loans to businesses is good. A substantial majority of small loans to business were for amounts less than \$100 thousand.

Opportunities to lend to low-income families are limited. Of families living in the AA, 11% live below poverty. Of all low-income families in the AA, 58% live below poverty.

### ***Home Mortgage Loans***

Refer to Tables 7 and 9 in Appendix D for the facts and data used to evaluate the borrower distribution of FNB's home mortgage loan originations and purchases.

### ***Home Purchase Loans***

The overall distribution of *home purchase loans* by borrower income level is adequate. FNB's percent of home purchase loans to low-income borrowers is significantly lower than the percent of low-income families residing in the AA. The percent of home purchase loans to moderate-income borrowers is somewhat lower than the percent of moderate-income families residing in the AA.

### ***Refinance Loans***

The overall distribution of *refinance loans* by borrower income level is adequate. FNB's percent of refinance loans to low-income borrowers is significantly lower than the percent of low-income families residing in the AA. The percent of refinance loans to moderate-income borrowers exceeds the percent of moderate-income families residing in the AA.

### ***Small Loans to Businesses***

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The overall distribution of *small loans to businesses* by borrower income level is good. FNB's percent of small loans to businesses (businesses with annual revenues of \$1 million dollars or less) is somewhat lower than the percentage of small businesses in the AA. FNB made 84% of loans with information on gross annual revenues to small businesses. A substantial majority of FNB's loans were for amounts less than \$100,000. The market share of small loans to businesses exceeds their market share of loans to all businesses.

### **Community Development Lending**

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

FNB originated no qualified community development loans in this AA during the evaluation period. This had a neutral impact on lending performance in the AA because opportunities to lend for community development purposes were limited, especially for loans over \$1 million and not reported under the CRA. Loans originated under a community development loan program were for amounts less than \$1 million and were reported as small loans to businesses.

### **Product Innovation and Flexibility**

FNB has no formal lending programs that are considered flexible or innovative.

## INVESTMENT TEST

### Conclusions for Area Receiving a Full-Scope Review

FNB's performance in the rating area is rated **High Satisfactory** under the Investment Test. Based on a full scope review, FNB's performance in the Virginia Non-MSA AA is good.

Refer to Table 12 in the state of Virginia section of Appendix D for the facts and data used to evaluate FNB's level of qualified investments.

FNB has a significant level of community development investments in their AA and a broader area that includes the AA. FNB showed good responsiveness to credit and community development needs given the available community development opportunities, needs and dollar amount of investments in the AA. Refer to the Market Profile section for details on needs and opportunities.

FNB made \$10.2 million in qualified investments during the evaluation period. Total investments were equal to 22.5% of Tier 1 capital.

Of the total amount invested during the evaluation period, \$10 million went to purchase 21 bonds issued by the Virginia Housing Development Authority (VHDA). These bonds support low- and moderate-income housing development throughout the state of Virginia including FNB's AA. Total state-wide investments equaled 22% of Tier 1 capital.

The remaining \$194 thousand consisted of 39 contributions to community development organizations that provide services for low- and moderate-income individuals and to low- and moderate-income geographies in the AA. These contributions had a direct impact on the community by providing assistance to low- and moderate-income families through, among others, a homeless intervention program and emergency housing fund, affordable housing and housing assistance programs, transportation for job related activities and job training, free healthcare and community food banks. FNB's total investments in the AA were equal to less than 1% of Tier 1 Capital but were 65% of the total number.

FNB retained \$689 thousand in qualified investments made prior to the evaluation period. Prior period investments were also with the VHDA and continue to support affordable rental housing for low- and moderate-income families throughout the state of Virginia.

## SERVICE TEST

### Conclusions for Area Receiving a Full-Scope Review

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

## **Retail Banking Services**

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

FNB's service delivery systems are readily accessible to geographies and individuals of different income levels in its AAs. FNB has no branches in the low-income tract. However, there are only thirteen families and thirteen owner-occupied units in the low-income tract. Two FNB branches are located less than one mile from the low-income tract. Five additional FNB branches are less than five miles from the low-income tract. FNB operates 17% of their branches in the moderate-income tracts, which compares favorably to the less than 3% of the population living in moderate-tracts. This represents an excellent distribution of branches among geographies of varying income levels and is relatively equal to the distribution of population among geographies by income level.

To the extent changes were made, FNB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in the low- and moderate-income geographies and to low- and moderate-income individuals. FNB opened one office in a middle-income geography during the evaluation period. FNB closed three branches; one in a middle-income geography and two in upper-income geographies.

Banking services and hours of operation do not vary in a way that inconveniences its AA, particularly low- and moderate-income geographies and low- and moderate-income individuals. All services offered at FNB are available at all branches. With one exception, all FNB branches observe the same operating hours including extended drive-up window service and Saturday hours. The exception applies to a branch located at a small business incubator. This branch provides service to the tenants and is open four hours daily, Monday through Friday.

## **Community Development Services**

FNB provides a relatively high level of community development services. FNB offers a Free Checking Account that requires a minimal opening deposit and includes many of the same features as their other checking accounts. FNB partnered with a local community development organization to offer Individual Development Accounts to qualifying individuals. The program is designed to increase savings and investments for the working poor and welfare recipients who do not have enough income to fully participate in regular savings programs. Deposits by the customer into the account are matched up to \$30 per month. FNB had opened 17 accounts with balances of approximately \$5,000 as of July 1.

Ten FNB employees and officers provided services to eight area community development organizations. These include service on the boards of directors for a free clinic that provides healthcare to low-income individuals, a community foundation that provides a variety of services for low- and moderate-income families and an organization that develops affordable housing for low-income home buyers.

## 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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/99 to 12/31/01 Investment and Service Tests and CD Loans: 05/04/99 to 07/01/02	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First National Bank (FNB) Christiansburg, VA	Home Purchase, Home Refinance, and Small Business Loans, CD Services and Investments.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
FNB Corporation. (FNBC)	Holding Company	CD Investments
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Virginia Non-MSA AA	Full-Scope	Includes the City of Radford and counties of Giles, Montgomery, Pulaski, and Wythe in their entirety.

# Appendix B: Market Profiles for Full-Scope Areas

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### Market Profiles for Areas Receiving Full-Scope Reviews

Virginia Non-MSA.....	2
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**Virginia Non-MSA**

Demographic Information for Full-Scope Area: Virginia Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	38	3%	5%	58%	18%	16%
Population by Geography	166,181	<1%	7%	71%	16%	5%
Owner-Occupied Housing by Geography	65,763	<1%	7%	76%	17%	0%
Businesses by Geography	5,586	0%	4%	77%	19%	1%
Farms by Geography	280	0%	9%	78%	13%	0%
Family Distribution by Income Level	40,655	19%	18%	21%	42%	0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	15,212	<1%	10%	78%	12%	0%
Median Family Income = \$28,301		Median Housing Value = \$63,747				
HUD Adjusted Median Family Income for 2002 = \$43,000		Unemployment Rate = 3.05%				
Households Below the Poverty Level = 11,957						

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

FNB has one contiguous AA that is comprised of the City of Radford and counties of Giles, Montgomery, Pulaski, and Wythe. Major competitors include: the National Bank of Blacksburg, a large community bank headquartered in neighboring Blacksburg, Virginia, First Virginia Bank-Southwest, Bank of America, N.A. and Blue Ridge Bank, N.A., a large community bank headquartered in nearby Floyd, Virginia. FNB is first in deposit market share among 16 financial institutions in their AA with 29% of total deposits. They operate 12 branches and 24 ATMs, all located in the AA.

FNB's CRA statement states the bank has traditionally been a consumer-oriented bank offering loans for residential, consumer, small business, and commercial purposes. An evaluation of FNB's outstanding loan portfolio as of March 31, 2002 supports this statement. Residential real estate loans represent a large portion of outstanding loans followed by commercial loans including commercial real estate and consumer loans. The commercial and commercial real estate loan category includes all loans made for business purpose not secured by residential real estate.

The area's unemployment rate is above the state of Virginia rate of 2.5%. Information from the New River Economic Alliance indicates the workforce has remained relatively stable since 1997. Average wages are below the state averages for all industries. Manufacturing is the largest individual employment sector, followed by retail trade. Employment growth in recent years has been in the services and retail sectors. The largest employers are Virginia Tech, Volvo Heavy Truck Corporation, and Pulaski Furniture.

We reviewed the HUD Consolidated Plan for the State of Virginia and made one community contact 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. The community contact was with the manager of a business incubator that serves the AA along with a broader regional area. The contact stated the primary credit needs are housing and small business credit. The demand for housing credit is especially high in Montgomery County, due to growth in that area. FNB was mentioned as one of three banks that have significantly helped to meet community credit needs.

There are eleven non-governmental community development organizations identified in the on-line VHDA housing directory that serve the AA. FNB identified seven organizations that serve the AA but are not listed in the VHDA directory. Opportunities are available to local financial institutions to provide community services and contributions in the AA. Opportunities to lend for community development purposes are limited. Both organizations develop affordable housing for low- and moderate-income individuals. Only one organization is active locally.

## Appendix C: Tables of Performance Data

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### Content of Standardized 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. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- 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 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 7. 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 8. 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 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. 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 12. 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 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table 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 within each geography. For borrower distribution, the table 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 of households by income level in each MA/assessment area.

**Table 14. 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 their 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 15. 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, 1999 to December 31, 2001				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Virginia Non-MSA	100%	188	19,854	1,315	66,362	123	5,203	0	0	1,626	91,419	100%

\* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is May 4, 1999 to July 1, 2002.

\*\*\* Deposit Data as of June 30, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: State of Virginia						Evaluation Period: January 1, 1999 to December 31, 2001							
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**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Virginia Non-MSA	73	100%	<1%	0%	7%	3%	76%	70%	16%	27%	0%	0%	0%	0%	0%

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased 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 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: State of Virginia				Evaluation Period: January 1, 1999 to December 31, 2001					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	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						
<b>Full Review:</b>																
Virginia Non-MSA	115	100%	<1%	0%	7%	2%	76%	60%	16%	38%	0%	0%	0%	0%	0%	

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

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

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: State of Virginia						Evaluation Period: January 1, 1999 to December 31, 2001						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Virginia Non-MSA	1,315	100%	0%	0%	4%	2%	77	73%	19%	25%	18%	0%	15%	16%	19%

\* Based on 2000 Peer Small Business Data: US.

\*\* 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 2000.

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: State of Virginia						Evaluation Period: January 1, 1999 to December 31, 2001							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Virginia Non-MSA	73	100%	19%	8%	18%	15%	21%	30%	42%	47%	0%	0%	0%	0%	0%

\*\* As a percentage of loans with borrower income information available. No information was available for 18% of loans originated and purchased by Bank.

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

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: State of Virginia						Evaluation Period: January 1, 1999 to December 31, 2001						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Virginia Non-MSA	115	100%	19%	3%	18%	21%	21%	24%	42%	52%	0%	0%	0%	0%	0%

\*\* As a percentage of loans with borrower income information available. No information was available for 24% of loans originated and purchased by Bank.

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

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: State of Virginia			Evaluation Period: January 1, 1999 to December 31, 2001				
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
<b>Full Review:</b>									
Virginia Non-MSA	1,315	100%	88%	43%	90%	6%	4%	18%	30%

\* Based on 2000 Peer Small Business Data: US.

\*\* 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 - 2000).

\*\*\*\* 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 42% of small loans to businesses originated and purchased by the Bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
Geography: State of Virginia									
Evaluation Period: May 4, 1999 to July 1, 2002									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Virginia Non-MSA			39	194	39	194	2	0	0
Statewide	2	689	21	10,008	23	10,697	98	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 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	Geography: State of Virginia				Evaluation Period: May 4, 1999 to July 1, 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 <sup>1</sup>										
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp							
<b>Full Review:</b>																								
Virginia Non-MSA	100%	12	100%	0	8	67	25	1	3	0	0	0	-2	<1%	7%	71%	17%							

<sup>1</sup> Percentage of population within each category does not total to 100%. Almost 5% of the population live in NA geographies.

