

PUBLIC DISCLOSURE
July 9, 2001
COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Virginia Bank - Colonial
161527
700 East Main Street
Richmond, Virginia 23219

Federal Reserve Bank of Richmond
P. O. Box 27622
Richmond, Virginia 23261

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal financial supervisory agency concerning the safety and soundness of this financial institution.

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

The following table indicates the performance level of First Virginia Bank – Colonial with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	<u>FIRST VIRGINIA BANK - COLONIAL</u>		
	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 supporting the institution's rating include:

- Overall lending activity was consistent with the bank's capacity and addressed identified community credit needs.
- A substantial majority of the institution's small business, HMDA, and consumer loans were originated within the bank's assessment areas.
- The borrower and geographic distribution of loans within the assessment areas reviewed using the examination procedures was at least adequate in each case and is considered good overall.
- Participation in qualified community development investments is responsive to community credit needs and is considered good.
- Delivery systems and branch locations are readily accessible to all segments of the assessment areas. Branch closings have not adversely affected low- and moderate-income neighborhoods.

- The level of community development services provided is responsive to identified community needs.
- The bank has not received any complaints regarding its performance since the previous CRA evaluation.

DESCRIPTION OF INSTITUTION:

First Virginia Bank - Colonial is headquartered in Richmond, Virginia, and currently serves three market areas with 39 full-service branches throughout a large portion of the Richmond-Petersburg Metropolitan Statistical Area (MSA) and surrounding area. The institution is a subsidiary of First Virginia Banks, Inc., (FVBI), a multibank holding company located in Falls Church, Virginia. Additionally, First Virginia Mortgage Company (FVMC) and First Virginia Credit Services, Incorporated (FVCSI), subsidiaries of the lead bank, First Virginia Bank, Falls Church, Virginia, share an affiliate relationship with the First Virginia Bank - Colonial.

As of March 31, 2001, the bank held \$749.6 million in assets of which 65.6% were loans and 26.8% were securities. The loan portfolio as of this date was comprised of 51.5% consumer, 28.5% residential real estate secured, 12.9% other real estate (including farmland and nonresidential property), 3.8% commercial, 2.2% construction and land development, and 1.1% other. As of March 31, 2001, deposits totaled \$634.5 million. The bank's previous CRA rating was satisfactory.

The bank serves three distinct assessment areas in central Virginia. The largest, Richmond, is located in the Richmond-Petersburg MSA. The Farmville and South Hill markets are located in nonmetropolitan areas of the Commonwealth. The Richmond and Farmville markets are contiguous, while the South Hill market is located within Mecklenburg County, south of the other markets.

Assessment Area Name	Cities/Counties
Richmond	Chesterfield County
	Colonial Heights City
	Hanover County
	Henrico County
	Hopewell City
	Petersburg City
	Prince George County
	Richmond City
Farmville	Amelia County
	Buckingham County
	Cumberland County
	Prince Edward County
South Hill	Mecklenburg County Block Numbering Areas 9901.00 and 9902.00

Detailed descriptions of each assessment area are included later in this evaluation.

SCOPE OF EXAMINATION

The review of the bank's lending activity includes loans reported under the Home Mortgage Disclosure Act (HMDA), small business, small farm, and consumer loans originated or purchased since January 1, 1999, through December 31, 2000. The lending activity also includes loans extended by affiliates of First Virginia Bank - Colonial within their market area. These affiliates include, but are not limited to, FVMC and FVCSI. Community development loans, investments, and services from the previous evaluation of June 29, 1999, through June 30, 2001, were considered in the review of bank performance. Any investment outstanding as of the examination date was also considered regardless of when made. The Richmond assessment area was evaluated using the interagency examination procedures developed by the Federal Financial Institution's Examination Council and the institution's rating is based on its performance in this assessment area. The Richmond market was chosen for review because it accounted for 77.2% of the total loans, and 83.8% of dollar volume during the review period. Also, 29 of the 39 bank's branches and 76.5% of the bank's deposits (as of June 2000), are located in this assessment area. Further, most of the population within any of the bank's assessment areas is in the Richmond area. For assessment areas subject to the limited review

procedures, a determination was made as to whether performance was consistent with the assigned overall rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

An analysis of lending for the review periods is discussed in greater detail in the report. The lending test is rated high satisfactory overall based on lending activity, distribution of loans, and community development lending. Area demographic data, Dun & Bradstreet (D&B) business data, and market aggregate information are used as proxies for demand when evaluating the bank's performance. Aggregated data for 1999 is used as the 2000 data is not yet available. Aggregated data includes First Virginia Bank - Colonial and all other reporting institutions that originated and/or purchased loans of the type considered within the bank's assessment area. When evaluating overall performance, products were weighted primarily according to dollar volume although the number of loans was considered when evaluating each loan product.

Lending Activity

In addition to originations, loans are routinely purchased and sold among First Virginia affiliates and a significant volume of lending comes from FVCSI. Taking into account all lending activity, First Virginia Bank - Colonial is an active lender. A bank's loan-to-deposit ratio is one measure of its lending relative to its capacity. During the eight-quarter period ending March 31, 2001, the quarterly average loan-to-deposit ratio of all banks headquartered in metropolitan areas of the Commonwealth and of similar-asset size to First Virginia Bank - Colonial ranged from 76.4% to 79.7%. The bank's average loan-to-deposit during the same eight-quarter period is 78.6% and ranged from 76.1% to 81.4%. No barriers to the bank's ability to lend were noted.

Various loan products are available through the institution including consumer, residential mortgage, home equity, and commercial loans. Mortgage loans offered by the bank include fixed-rate home equity loans, FHA Title I home improvement loans, and home equity lines of credit. Lending by FVMC and FVCSI also contribute in meeting the credit needs of the institution's assessment areas. FVMC offers a variety of loan products including adjustable rate mortgages and government insured or guaranteed loans. FVCSI originates a significant number of indirect automobile instalment loans within the bank's markets. The bank does not directly offer credit cards but maintains a business relationship with MBNA, Incorporated, a credit card bank headquartered in Delaware, to provide qualified customers with credit cards. The following table depicts lending by the bank and its affiliates within the bank's assessment areas in the designated categories. The table illustrates that lending primarily targets the retail market with an emphasis on motor vehicle lending.

First Virginia Bank - Colonial Loan Originations/Purchases Including Affiliates January 1, 1999, to December 31, 2000				
	Total Loans	Percentage of Lending	Total Dollar Amount (000's)	Percentage of Lending
Small Business*	495	2.8%	\$43,321	17.0%
Small Farm *	9	0.1%	\$143	0.1%
Home Mortgage Disclosure Act (HMDA) *	1,143	6.5%	\$47,472	8.5%
<i>HMDA Subtotals*</i>				
<i>Home Purchase*</i>	<i>119</i>	<i>0.7%</i>	<i>\$10,034</i>	<i>3.9%</i>
<i>Refinancing*</i>	<i>437</i>	<i>2.5%</i>	<i>\$5,711</i>	<i>2.2%</i>
<i>Home Improvement*</i>	<i>587</i>	<i>3.3%</i>	<i>\$31,727</i>	<i>12.4%</i>
Small Business-Real Estate Secured	0	0.0%	\$0	0.0%
Home Equity (nonHMDA)	701	3.9%	\$27,802	10.9%
Motor Vehicle	7,091	40.2%	115,254	45.1%
Other Consumer Secured	1,370	7.8%	\$9,919	3.9%
Other Consumer Unsecured	6,831	38.7%	\$11,496	4.5%
Totals	17,640	100%	\$255,407	100%

* The bank is required to collect data about these types of loans.

In an effort to meet the needs of its local communities, the bank and/or affiliates offer or participate in various specialized loan programs that benefit low- and moderate-income people, areas, or small businesses. Such programs typically offer flexible underwriting criteria and loan terms. Included in the above lending volume table are 89 FHA Title I home improvement loans totaling \$1.1 million and 50 affordable housing program loans originated by FVMC totaling \$4.9 million. FVMC now operates only through the internet and loan volume has declined with this change. At the same time, the bank has extended its maximum mortgage loan term from 15 years to 20 years making this product somewhat more attractive to borrowers. The bank also extends credit in conjunction with the Small Business Administration and extended a \$100,000 loan during the review period. The bank has also partnered with the Virginia Health Care Foundation in the Healthy Communities Loan Fund, which promotes

and funds local public-private partnerships that increase access to primary health care services for medically underserved and uninsured residents of the Commonwealth. Two loans totaling \$150,000 have been extended via the Healthy Communities Loan Fund since January 1, 1999.

Assessment Area Concentration

The following table depicts the distribution of the bank's lending inside versus outside its assessment areas on a combined basis. Affiliate lending is not included in the table.

Loan Category	IN				OUT			
	#	%	\$ (000's)	%	#	%	\$ (000's)	%
Small Business	475	89.8%	\$40,998	90.8%	54	10.2%	\$4,160	9.2%
Small Farm	9	50%	\$143	58.4%	9	50%	\$102	41.6%
HMDA	998	88.6%	\$32,705	87.3%	128	11.4%	\$4,739	12.7%
Consumer	10,222	85.3%	\$69,156	87.7%	1,758	14.7%	\$9,703	12.3%
Total	11,704	85.7%	\$143,002	88.4%	1,949	14.3%	\$18,704	11.6%

As indicated, a substantial majority of the number and dollar amounts of loans have been provided to assessment area residents. Overall, the percentage of loans made in the bank's assessment areas is considered responsive to community credit needs.

Borrower and Geographic Distribution

The penetration of small business, HMDA, and consumer loans among low-, moderate-, middle-, and upper-income geographies within the assessment areas is considered adequate. The level of lending to businesses of varying sizes and borrowers of varying incomes, including low- and moderate-income borrowers, is considered good. The bank's performance was compared to various demographic proxies for demand, as well as available aggregate loan data.

Community Development Loans

The bank has extended two loans since the previous evaluation totaling \$2.1 million that are considered community development loans. One loan was extended to renovate and improve a commercial property located in a moderate-income census tract. The remaining loan was provided to an organization that distributes food to soup kitch-ens, homeless shelters, and food pantries.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated high satisfactory. Qualified community development investments consist of Virginia Housing Development Authority (VHDA) bonds, which provide housing assistance to low- and moderate-income families through mortgage loans within Virginia. As of the examination date, the bank had \$8.1 million in VHDA bonds, of which \$2 million were purchased since the previous evaluation. The bank also holds \$2.2 million in Virginia Community Development Corporation's Housing Equity and Historic Equity Funds, \$1.9 million of which has been invested since the previous examination. These funds invest in affordable housing projects throughout the Commonwealth that are eligible for low-income housing tax credits. Further, a \$50,000 equity investment is maintained in Virginia Capital, LLC, which operates a licensed small business investment company (SBIC), Virginia Capital SBIC, LP. Other qualified investments include the ownership of stock (\$50,000) in a local minority-owned financial institution. From the previous evaluation through June 30, 2001, the bank has also contributed \$70,195 to a variety of organizations that primarily assist low- and moderate-income areas or residents or promote micro-enterprise development within the various assessment areas. Investments targeting specific markets are discussed in each assessment area evaluation.

SERVICE TEST

The overall rating under the service test is high satisfactory. Delivery systems, branch locations, and hours of operation are considered readily accessible and convenient to all portions of the assessment areas. The bank's participation in a variety of community organizations is considered responsive to community needs. Since the previous examination, two offices have been closed and one has been opened. A branch closing policy has been adopted as required by the Federal Deposit Insurance Corporation Improvement Act of 1991.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

No credit practices inconsistent with the substantive provisions of the fair housing and fair lending laws and regulations were identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

METROPOLITAN ASSESSMENT AREAS

(for metropolitan areas with some or all assessment areas reviewed using the examination procedures)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE RICHMOND ASSESSMENT AREA:

The Richmond assessment area encompasses a large portion of the Richmond-Petersburg MSA including all of Chesterfield, Hanover, Henrico, and Prince George Counties and the Cities of Colonial Heights, Hopewell, Petersburg, and Richmond. The area population is 798,462. According to 1990 census data, housing is generally considered affordable with a median housing value of \$75,026. The owner-occupancy rate for the market equals 63.6%, which is slightly lower than that of the MSA (65%) and the Commonwealth of Virginia (66.2%). The assessment area poverty rate (7.5%) approximates that of the MSA (7.4%) and the state (7.7%). The 1999 and 2000 estimated median family incomes for the MSA are \$57,400 and \$59,500, respectively.

The following table provides demographic data for the assessment area by the income level of families and the percentage of population in census tracts of varying income levels. The percentage of families below the poverty level and owner-occupied housing units are also provided.

Assessment Area Demographics

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	19.2%	18.1%	24.5%	38.2%	100%
Percentage of Population Residing in Census Tracts by Income Level of Tract	7.3%	21.0%	43.9%	27.8%	100%
Percentage of Owner-Occupied Housing Units by Income Level of Tract	3.8%	14.5%	47.9%	33.8%	100%
Number of Tracts by Income Level	21	50	95	49	215*
Percentage of Families Below Poverty Level by Income Level of Tract	39.5%	13.0%	4.1%	1.6%	NA
Percentage of Businesses Located in Census Tracts by Income Level	7.6%	18.2%	46%	28.2%	100%

* There are also 19 local census tracts that did not report family income as of the 1990 census. Only two of these areas are

populated.

The assessment area's economy is well diversified with a mixture of manufacturing, service, and Government employment opportunities. Some of the major industries include metal fabrication, tobacco processing, pharmaceuticals, food products, chemicals, insurance, and banking. Area unemployment rates are detailed in the following table.

May 2001 Unemployment Rates			
Chesterfield County	1.6 %	Hopewell City	3.6%
Colonial Heights City	2.4 %	Petersburg City	4.8 %
Hanover County	1.3%	Prince George County	2.1%
Henrico County	2.0%	Richmond City	3.1 %
Commonwealth of Virginia 2.4%			

Although the area economy is considered strong, pockets of poverty and high unemployment exist, predominantly in the inner city portions of Richmond and Petersburg. The effective demand for credit may be diminished in the areas.

The bank serves this market with 29 full-service branches and three merchant facilities located in area shopping malls. As of June 2000, First Virginia Bank – Colonial ranked eighth in deposit market share having 3.2% of the assessment area's FDIC insured deposits. A review of 1999 aggregate reported lending data shows the institution ranked 14th in small business lending with a 2.1% market share but only 28th in residential mortgage lending with 0.9% market share. When reviewing the residential mortgage data in detail, the bank does not rank in top 30 as a home purchase lender, but ranks 19th for home refinancings (1.3% market share) and sixth for home improvement lending (5.8% market share).

Community contacts were made to assist in evaluating the bank's CRA performance. The contacts stated that area financial institutions appear to be meeting the credit needs of the community. One of the contacts expressed concerns about predatory lending and gentrification in the city of Richmond. The other contact noted that some weakness in the economy was becoming evident and had some concerns about the availability of business credit.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE RICHMOND ASSESSMENT AREA:

LENDING TEST

Lending Activity

Bank lending activity within this assessment area is consistent with the percentage of branch offices (74.4%) and deposits (76.5%) in the assessment area.

Geographic Distribution of Loans

Lending performance within each loan category is presented and discussed below:

Distribution of Consumer Loans by Income Level of Census Tract (Includes Affiliate Lending)

The bank reported a total of 12,478 consumer loans within the Richmond market.

One loan was reported in a census tract that does not have a median family income according to 1990 census data and is not included in the following analysis.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	232	1,445	5,861	4,939	12,477
Percentage of Total Loans	1.8%	11.6%	47.0%	39.6%	100%
Total Amount of Loans (000's)	\$2,346	\$13,399	\$65,381	\$62,797	\$143,923
Percentage of Total Amount	1.6%	9.3%	45.5%	43.6%	100%

As noted previously, within the market's demographic description, 7.3% of the local residents reside in low-income areas and 21% reside in moderate-income areas. The bank's level of penetration into low- and moderate-income areas for consumer loans (approximately 13.5%) is lower than the population residing in such areas. Within the market, 39.5% of families in low-income tracts and 13% of families in the moderate-income tracts are below the poverty level. The concentrations of impoverished residents, particularly in low-income census tracts, most likely reduces the effective demand for credit from many residents of these areas. The bank's level of consumer lending in low-income areas is adequate when considering the population percentages

in conjunction with the poverty rates for such areas. The level of lending in moderate-income areas while low is considered marginally adequate when considering the reduced loan demand resulting from the level of poverty.

Distribution of HMDA Loans by Income Level of Census Tract
(Includes Affiliate Lending)

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	23	97	407	268	795
Percentage of Total Loans	2.9%	12.2%	51.2%	33.7%	100%
Total Amount of Loans (000's)	\$710	\$3,337	\$17,231	\$12,995	\$34,273
Percentage of Total Amount	2.1%	9.7%	50.3%	37.9%	100%

The bank's level of lending in low- and moderate-income areas, while slightly below the proportion of owner-occupied housing units, slightly exceeds the 1999 aggregate HMDA data percentages. Of all lenders reporting HMDA loans in this market, 2.3% of the loans were to residents of low-income areas, and 11% were to residents of the moderate-income areas.

Distribution of Small Business by Income Level of Census Tract
(Includes Affiliate Lending)

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	37	61	151	93	342
Percentage of Total Loans	10.8%	17.8%	44.2%	27.2%	100%
Total Amount of Loans (000's)	\$3,093	\$6,396	\$18,091	\$8,153	\$35,733
Percentage of Total Amount	8.7%	17.9%	50.6%	22.8%	100%

D&B data indicates that 25.8% of area businesses are located in low- and moderate-income census tracts. According to 1999 aggregate small business data, of all lenders required to report data in this market, 5.4% of loans were extended to businesses located in low-income areas and 14.5% were extended to businesses in moderate-income areas. As indicated in the preceding chart, First Virginia Bank – Colonial’s volume of lending in low- and moderate-income areas approximates the percentage of businesses in these areas (7.8% low and 18.2% moderate) but exceeds the aggregate performance. During the review period, the bank extended two farm loans totaling \$43,000 within this assessment area. Additional analysis of such a small volume of loans would not yield meaningful information.

Borrower Profile

Distribution of Consumer Loans by Income Level of Borrower
(Includes Affiliate Lending)

The bank collected data on a total of 12,478 consumer loans within the assessment area, however, 1,383 of the transactions did not contain income data and therefore are not included in the analysis.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	2,642	3,173	2,533	2,747	11,095
Percentage of Total Loans	23.8%	28.6%	22.8%	24.8%	100%
Total Amount of Loans (000's)	\$17,569	\$35,099	\$34,775	\$53,358	\$140,801
Percentage of Total Amount	12.5%	24.9%	24.7%	37.9%	100%

Of the consumer loans reviewed during the examination, 52.4% were to low- or moderate-income borrowers. This level of lending exceeds the proportion of area families that are low- (19.2%) and moderate-income (18.1%) and is considered excellent.

Distribution of HMDA Loans by Income Level of Borrower
(Includes Affiliate Lending)

The bank reported a total of 795 HMDA loans within the assessment area; however, 11 of the transactions did not contain income data and therefore are not included in the analysis.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	123	215	216	230	784
Percentage of Total Loans	15.7%	27.4%	27.6%	29.3%	100%
Total Amount of Loans (000's)	\$3,636	\$8,640	\$8,894	\$12,493	\$33,663
Percentage of Total Amount	10.8%	25.7%	26.4%	37.1%	100%

In cases where income was known, 15.7% of the HMDA loans reported by the bank were to low-income borrowers and 27.4% were to moderate-income borrowers. This level of lending exceeds the 1999 aggregate HMDA data which indicates that when income was known 12.9% of all loans by all HMDA reporters were to low-income borrowers and 25.2% were to moderate-income borrowers. Bank lending also exceeds the percentage of low- and moderate-income families. This level of performance is considered good.

Distribution of Lending by Loan Amount and Size of Business
(Includes Affiliate Lending)

	\$0 - \$100,000		>\$100,000 to \$250,000		>\$250,000		Total	
Total Revenues ≤ \$1 Million	156	45.7%	22	6.5%	19	5.6%	197	57.8%
Total Revenues > \$1 Million	111	32.6%	15	4.4%	18	5.2%	144	42.2%
Totals	267	78.3%	37	10.9%	37	10.8%	341	100%
Loans With Revenues Not Reported	0		0		1		1	

Based on demographic data from D&B, within this assessment area 89.6% of local businesses that have reported revenue data have annual revenues of \$1 million or less. According to 1999 aggregate small business data, at least 52.4% of all small business loans reported within the market area were to businesses and farms with revenues of \$1 million or less. The remaining loans were extended to businesses having revenues in excess of \$1 million per year or revenue data was not reported. As indicated in the table, 57.8% of the bank's loans were to entities with revenues of \$1 million or less and 45.7% of these loans were in amounts of \$100,000 or less. This level of small business lending is considered adequate.

Community Development Loans

Since June 1, 1999, through December 31, 2000, the bank has extended two qualified community development loans within the Richmond assessment area. The loans total \$2.1 million and were extended to renovate and improve a shopping center located in a moderate-income census tract and for working capital to an organization that distributes food to soup kitchens, homeless shelters, and food pantries.

The overall level of lending within this assessment area, as evaluated for the geographic distribution, borrower distribution, and level of community development loans is considered reasonable in conjunction with the bank's market strategy, area demographic data, and aggregate CRA and HMDA data.

INVESTMENT TEST

In addition to its statewide investments and its investment in a minority-owned financial institution, the bank has also routinely made contributions to organizations that primarily serve either low- and moderate-income areas or residents or promote economic development within the assessment area. These organizations include, but are not limited to, Local Initiatives Support Corporation, Goodwill Industries, Habitat For Humanity, Interfaith Housing Corporation, Housing Opportunities Made Equal, and the Emergency Shelter. Since the previous evaluation, the bank has contributed \$67,425 to charitable organizations within this assessment area.

SERVICE TEST

Accessibility of Delivery Systems

Delivery systems are accessible to all portions of the assessment area. Automated teller machines (ATMs) are available and, through a network, provide customers with 24-hour nationwide access. Six (27.3%) of the market's 22 ATMs are located in moderate-income census tracts. Bank-by-mail, loan-by-phone, and bank-by-computer services are also offered by the institution.

In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system.

Branch Locations and Hours of Operation

Branch locations and business hours are considered convenient and meet the needs of the assessment area. Most branches offer Saturday hours and have drive-thru facilities that are open extended hours. The institution has 29 offices within this assessment area, of which six (20.7%) are located in moderate-income census tracts.

Since the previous examination, the bank has opened one new branch office in an upper-income census tract and has closed one branch office in a low-income census tract. The closing has not adversely affected the local community's access to the bank's products and services due to proximity of other bank offices.

Community Development Services

The bank provides financial expertise and assistance to numerous community development organizations. These organizations include:

- Interfaith Housing Corporation - An ecumenical coalition that provides housing and home ownership opportunities through the construction, repair, and rehabilitation of single-family housing for low-income individuals in the metropolitan area.
- Southside Child Development Center - An organization that provides quality day care facilities for low-income families south of the Richmond area.
- Richmond Neighborhood Housing Services, Incorporated - A private nonprofit corporation that provides community development, lending, and outreach services in low-income areas of Richmond.
- Emergency Shelter, Incorporated - A nonprofit corporation that provides temporary housing and assistance, such as job training, to homeless individuals in the metropolitan area.
- Friends Association for Children – An organization that provides child care facilities for low-income inner city children.

The institution's provision of community development services in this market is considered good.

NONMETROPOLITAN STATEWIDE AREAS

(if none of the assessment areas within the nonmetropolitan statewide area were reviewed using the examination procedures)

The Farmville and South Hill nonmetropolitan assessment areas were examined using the limited review examination procedures. The following table indicates for each test whether performance in an assessment area was generally below, consistent with, or exceeded performance for the institution overall.

Assessment Area	Lending Test	Investment Test	Service Test
Farmville	Consistent	Consistent	Consistent
South Hill	Consistent	Consistent	Consistent

Facts and data reviewed, including performance and demographic information, can be found in the following tables. Performance under the lending, investment, and service tests for the Farmville and South Hill assessment areas was consistent with the bank's overall ratings.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE FARMVILLE ASSESSMENT AREA:

This assessment area includes all of Amelia, Buckingham, Cumberland, and Prince Edward Counties, Virginia, and the area includes nine block numbering areas (BNAs), one of which is moderate-income and eight middle-income. There are no low- or upper-income areas within the assessment area.

Assessment Area Demographics

BNAs in Assessment Area/Low- and Moderate-Income BNAs		9/0	Median Family Income (2000)	\$39,800	
Population		46,805	Poverty Rate (Families)	13.7%	
Median Housing Value		\$46,335	Owner-Occupancy Rate	75.8%	
% of Businesses with Revenues ≤ \$1 million				93.2%	
% of Businesses in Low- Income BNAs*		NA	% of Businesses in Moderate- Income BNAs*	2.8%	
	Low- Income	Moderate- Income		Low- Income	Moderate -Income
Percentage of Area Families by Income Level	22.6%	17.3%	Percentage of Families Below the Poverty Rate by Income Level of BNA	NA	21.3%
Percentage of Population Residing in BNAs by Income Level of BNA	NA	10.9%	Percentage of Owner- Occupied Housing Units by Income Level of BNA	NA	10.6%

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE FARMVILLE ASSESSMENT AREA:

LENDING TEST

Included in the small business lending reflected below is a \$100,000 loan extended through the Healthy Communities Loan Fund, whose operations were previously described. The bank also extended two small farm loans totaling \$9,000 within the assessment area. Additional analysis of such small volume of loans would not yield meaningful information.

First Virginia Bank - Colonial Loan Originations/Purchases								
	Loans in Moderate Income BNAs		Loans to Low-Income Borrowers		Loans to Moderate-Income Borrowers		Loans to Businesses with Revenues ≤ \$1 Million	
	#	%	#	%	#	%	#	%
Small Business	0	0%	NA	NA	NA	NA	65	72.2%
HMDA	32	12.2%	52	20%	47	18.1%	NA	NA
Consumer	206	7.8%	764	31.6%	648	26.8%	NA	NA
1999 Aggregate Loan Originations/Purchases								
Small Business		6.8%		NA		NA		59.6%
HMDA		9.9%		10%		19.6%		NA

INVESTMENT TEST

As previously mentioned, the institution holds statewide and regional investments that also benefit this assessment area. The institution also routinely makes contributions to organizations that primarily serve either low- and moderate-income areas or residents or promote microenterprise development within the assessment area. Since the previous evaluation, the bank has contributed \$2,150 to charitable organizations within this assessment area.

SERVICE TEST

The bank operates seven branches and two ATMs within this assessment area. One of the branches (14.3%) is located in a moderate-income area. While no new offices have been opened, one office located in a moderate-income geography was closed since the previous examination. The closing has not adversely affected the local community's access to the bank's products and services. Banking services offered in this assessment area are substantially the same as the services available to other communities the bank serves. Within the community, various bank officers serve as members of the boards of directors of the Cumberland County Industrial Development Authority, Farmville Habitat for Humanity, and Buckingham Industrial Development Authority.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE SOUTH HILL ASSESSMENT AREA:

This assessment area includes BNAs 9901 and 9902 of Mecklenburg County, Virginia, an area that generally includes the Town of South Hill. Both BNAs are middle-income areas according to 1990 census data.

Assessment Area Demographics

Tracts in Assessment Area/Low- and Moderate-Income Tracts	2/0	Median Family Income (2000)	\$39,800
Population	9,854	Poverty Rate (Families)	11.3%
Median Housing Value	\$47,600	Owner-Occupancy Rate	64.1%
% of Businesses with Revenues \leq \$1 million			92.6%

Within the assessment area, 23.2% of all area families are considered low-income and 21.2% are moderate-income.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE SOUTH HILL ASSESSMENT AREA:**LENDING TEST**

Included in the small business lending reflected below is a \$50,000 loan extended through the Healthy Communities Loan Fund, whose operations were previously described. The bank also extended five small farm loans totaling \$91,000 within the assessment area. Additional analysis of such small volume of loans would not yield meaningful information.

First Virginia Bank - Colonial Loan Originations/Purchases						
	Loans to Low-Income Borrowers		Loans to Moderate-Income Borrowers		Loans to Businesses with Revenues ≤ \$1 Million	
	#	%	#	%	#	%
Small Business	NA	NA	NA	NA	50	79.4%
HMDA	18	20.9%	11	12.8%	NA	NA
Consumer	239	30.5%	213	27.1%	NA	NA
1999 Aggregate Originations/Purchases						
Small Business		NA		NA		63.4%
HMDA		14.1%		17.6%		NA

Community Development Loans

No community development loans have been originated in this specific assessment area since the previous examination. First Virginia Bank - Colonial has extended loans that facilitate small business development and loans that benefit low- and moderate-income people and areas in this market. These extensions of credit, however, were subject to reporting as small business or HMDA loans and cannot also be reported as community development loans.

INVESTMENT TEST

In addition to its statewide investments, the institution routinely makes contributions to organizations that primarily serve either low- and moderate-income areas or residents or promote microenterprise development within the assessment area. Since the previous evaluation, the bank has contributed \$620 to a charitable organization within this assessment area.

SERVICE TEST

The bank operates three branches and one ATM within this assessment area. No offices have been opened or closed within the market since the previous examination. The services offered in this assessment area are substantially the same as the services

available to other communities the bank serves. Within the community a bank officer serves on the Board of Directors for the South Hill Industrial Development Authority and as a loan committee member for the Southside Community Development and Housing Organization.

APPENDIX A – Scope of Examination

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION	
ASSESSMENT AREA	TYPE OF EXAMINATION
Richmond	Full Procedures
Farmville	Limited Procedures
South Hill	Limited Procedures

APPENDIX B - Glossary

The following terms are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Assessment Area - A delineated community including the geographies in which the bank has its main office, branches, and deposit-taking Automated Teller Machines (ATMs). As well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans, including home mortgage loans, small-business and small-farm loans, and any other loans on which the bank chooses to have its performance assessed.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

Census Tract - Small, locally defined areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A census tract has defined boundaries per ten year census and an average population of 4,000.

Community Development - Initiatives in the form of loans, investments, or services which provide for the following:

Affordable 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 development activities generally cannot be double counted, for example, loans required for reporting as small business, small farm, or home mortgage (except for multifamily housing) cannot also be reported as community development loans.

Community Reinvestment Act (CRA) - The statute requiring the federal financial supervisory agencies to assess an institution's record of helping to meet the credit needs of the local communities in which the institution is chartered, consistent with the safe and sound operation of the institution, and to take this record into account in the agency's evaluation of an application for a deposit facility by the institution.

Geography - A census tract or a block numbering area as delineated by the United States Census Bureau.

Home Mortgage Disclosure Act (HMDA) - The statute that requires most mortgage lenders who have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

Income Level includes:

Low-Income - Income levels that are less than 50% of the median family income.

Moderate-Income - Income levels that are at least 50% and less than 80% of the median family income.

Middle-Income - Income levels that are at least 80% and less than 120% of the median family income.

Upper-Income - Income levels that are 120% or more of the median family income.

Median Family Income - The median income determined by the United States 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 Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction. Two or more MSAs having a population of one million or more residents may be recognized as a **consolidated metropolitan statistical area (CMSA)** if the individual MSAs demonstrate strong internal, social, and economic ties within the entire area. The individual MSAs included in a CMSA are then referred to as **primary metropolitan statistical areas (PMSA)**.

Small Business Loans - Loans with original amounts of \$1 million or less that are secured by nonfarm nonresidential properties or commercial and industrial loans to U. S. addresses.

Small Farm Loans - Loans with original amounts of \$500 thousand or less that are secured by farmland or to finance agricultural production and other loans to farmers.