

PUBLIC DISCLOSURE

July 31, 2006

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

FNB Southeast

390925

1501 Highwoods Boulevard

Greensboro, North Carolina 27410

**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.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: FNB Southeast is rated **"SATISFACTORY."**

The following table indicates the performance level of FNB Southeast with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	<u>FNB SOUTHEAST</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

Major factors supporting the institution's rating include:

- Lending activity is consistent with the bank's capacity and market presence.
- A majority of the number and dollar volume of the institution's reported Home Mortgage Disclosure Act (HMDA) and small business loans were originated within the bank's combined assessment areas.
- While the geographic and borrower distribution performance varies by product and market, the overall performance is considered good.
- The bank has funded an adequate amount of community development loans within its market areas.
- The level of qualified community development investments is considered adequate relative to available opportunities and bank capacity.
- Delivery systems and branch locations are reasonably accessible to all segments of the assessment areas reviewed.
- There have been no complaints regarding the bank's CRA performance since the previous CRA evaluation.

INSTITUTION

DESCRIPTION OF INSTITUTION

FNB Southeast is headquartered in Reidsville, North Carolina, and operates 17 branch offices within North Carolina and Virginia. The bank is a wholly owned subsidiary of FNB Financial Services Corporation, a single-bank holding company. The bank has two subsidiaries, FNB Southeast Mortgage Corporation and FNB Southeast Investment Services, Incorporated. FNB Southeast Mortgage Corporation originates one- to four-family residential mortgages for sale to investors in the secondary market. The mortgage company is headquartered in Greensboro, North Carolina, and operates eight mortgage origination facilities that are housed within bank branches; five are located in North Carolina and three are located in Virginia. FNB Southeast Investment Services provides investment brokerage services to customers of the bank. While the investment company's operation is not considered in this evaluation, activities of the mortgage company are considered, as appropriate.

As of June 30, 2006, the bank had assets of approximately \$1 billion of which 71.3% were loans and 19.8% were securities. The loan portfolio as of June 30, 2006, was comprised of 29.5% one- to four-family residential real estate secured, 55.7% commercial real estate, 8.3% commercial and agricultural, and 6.5% consumer loans. Since June 30, 2004, total loans, deposits, and assets have increased by 23.2%, 32.8%, and 31.4%, respectively. At the previous CRA evaluation dated July 6, 2004, FNB Southeast's performance was rated Satisfactory.

The following table details the composition of each of the bank's assessment areas and includes data pertaining to branch offices and deposit and loan volume by assessment area. The loan volume data includes all loans originated by the bank and its mortgage company since January 1, 2004, through December 31, 2005. Deposit data is current as of June 30, 2005.

Assessment Area	County/City	Census Tracts Included	# of Offices	Deposit Volume (\$000s)		Loan Volume	
Greensboro-High Point, NC, MSA	Guilford, NC	All	10	\$453,547	55.8%	909	41.1%
	Rockingham, NC	All					
Wilmington NC, MSA	New Hanover, NC	All	3	\$161,054	19.8%	787	35.5%
	Pender, NC	All					
Harrisonburg, VA, MSA	Harrisonburg, VA	All	2	\$109,473	13.5%	408	18.4%
Lee/Wise Counties & Norton City, VA, NonMSA Area	Lee, VA	All	2	\$88,924	10.9%	110	5%
	Wise, VA	All					
	Norton, VA	All					
		Totals:	17	\$812,998	100%	2,214	100%

As indicated in the table, the majority of bank branches and deposit and loan volume are included in the Greensboro-High Point MSA and Wilmington MSA assessment areas.

SCOPE OF EXAMINATION

The institution was evaluated using the interagency examination procedures developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures, HMDA, small business, and small farm lending activity reported by the institution from January 1, 2004 through December 31, 2005, was reviewed. FNB Southeast Mortgage Corporation's lending is also included within the evaluation for the same time period. Qualified community development loans and services are also considered since the previous evaluation (July 6, 2004) through July 31, 2006. All qualified investments outstanding as of the examination date were also considered regardless of when made.

An overall institution rating and ratings of the performance in the State of North Carolina and the Commonwealth of Virginia are based on the performance in the assessment areas subject to full scope review. Because of their relative sizes, determined by loan activity, proportion of bank deposits, and market population, the Greensboro-High Point, Wilmington, and Harrisonburg MSAs were subjected to the full-scope evaluation process. According to the FFIEC procedures, lending test performance accounts for half of the overall rating, while the investment and service tests are equally weighted accounting for 25% each of the overall rating. The remaining assessment area (Lee/Wise/Norton) was reviewed utilizing the limited scope evaluation procedures and a determination was made as to whether performance was consistent with the assigned overall state rating for Virginia.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The lending test is rated high satisfactory considering overall lending activity, the distribution of lending among borrowers and geographies of different income levels, as well as the amount and responsiveness of community development lending in the bank's assessment areas. 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. Aggregate data includes FNB Southeast, its mortgage company, and all other reporting institutions that originated and/or purchased loans of the type considered within the bank's assessment areas. Demographic data are from the 2000 census, while HMDA and small business aggregate data and D&B business data are from calendar year 2005.

Lending Activity:

A bank's loan-to-deposit ratio is one measure of its lending relative to capacity. During the seven-quarter period ending March 31, 2006, the average of quarterly loan-to-deposit ratios of the national peer group equaled 89.4%, and ranged from 87.3% to 90.5%. The national peer group includes all insured commercial banks having assets between \$1 billion and \$3 billion. The bank's current loan-to-deposit ratio equals 86.6% and averaged 90.3% for the eight-quarter period ending June 30, 2006. No barriers to the bank's ability to lend were noted.

Various loan products are available through the institution and its mortgage subsidiary, including consumer, residential mortgage, home equity, and commercial loans. The following table depicts the institution's reported loan data (originations and purchased loans) regardless of location since January 1, 2004, through December 31, 2005, and also includes mortgage loans originated/purchased by FNB Southeast Mortgage Corporation within the bank's assessment areas during the same time period.

Summary of Lending Activity				
Loan Type	#	%	\$ ('000s)	%
HMDA home purchase	674	19.3%	\$77,370	13.3%
HMDA refinancings	428	12.2%	\$61,213	10.5%
HMDA home improvement	79	2.3%	\$2,814	.5%
HMDA multifamily	7	.2%	\$2,612	.5%
Total HMDA-related	1,188	34%	\$144,009	24.8%
Total small business	2,307	66%	\$437,090	75.2%
Total small farm	0	0%	\$0	0%
TOTAL LOANS	3,495	100%	\$581,099	100%

Note: Affiliate loans include only loans originated or purchased within the bank's assessment areas.

Lending activity is considered good relative to the bank's capacity to lend and the economic conditions within its market areas.

Assessment Area Concentration:

The institution's HMDA and small business lending volume during calendar years 2004 and 2005 is represented in the following table. The table does not include the mortgage company's activity.

Lending Inside and Outside the Assessment Area								
	Inside				Outside			
	#	%	\$ ('000s)	%	#	%	\$ ('000s)	%
HMDA home purchase	284	60.6%	\$24,487	47.8%	185	39.4%	\$26,774	52.2%
HMDA refinancings	90	40.2%	\$11,296	34.6%	134	59.8%	\$21,386	65.4%
HMDA home improvement	43	54.4%	\$1,203	42.8%	36	45.6%	\$1,611	57.2%
HMDA multifamily	4	57.1%	\$946	36.2%	3	42.9%	\$1,666	63.8%
Total HMDA-related	421	54%	\$37,932	42.4%	358	46%	\$51,437	57.6%
Total small business	1,384	60%	\$243,928	55.8%	923	40%	\$193,162	44.2%
TOTAL LOANS	1,805	58.5%	\$281,860	53.5%	1,281	41.5%	\$244,599	46.5%

Note: Affiliate loans not included.

A majority of small business (60%) and HMDA (54%) loans were originated within the bank's assessment areas. Overall, the bank originated an adequate percentage of loans within its assessment areas.

Geographic and Borrower Distribution:

Overall, the bank's performance in providing loans to borrowers and businesses of different income and revenue levels is considered good. Detailed analyses of lending for the review period are provided in subsequent sections of this evaluation for assessment areas receiving a full-scope review. The analysis contains tables about the bank's performance for loans reported in 2005. Though tables are not

presented for 2004 activity, the data were fully analyzed and considered in the analysis. In instances where the bank's performance during 2004 was not consistent with its performance during 2005, pertinent details of the 2004 data and performance are provided.

When evaluating the geographic and borrower distribution for individual specific loan categories, primary emphasis is placed on the number of loans originated or purchased. To arrive at an overall conclusion, performance in each loan category is then weighted primarily by the dollar volume of each loan category.

Community Development Lending:

FNB's provision of community development loans is adequate when considering local opportunities and the bank's capacity. During the evaluation period, the bank funded \$255,000 in community development loans that were extended by a North Carolina community development corporation. This lending activity is discussed in greater detail in the State of North Carolina section of the evaluation.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated low satisfactory. Currently (June 30, 2006), the institution has \$1 billion in total assets, of which \$204.6 million are securities. The bank has invested \$2 million in the CRA Qualified Investment Fund, which is an open-end mutual fund that specifically invests in agency-backed, municipal, and Low-Income Housing Tax Credit securities that have community development activities as their primary purpose. The fund invests in qualified projects and securities throughout the country. Currently, the fund has several qualified investments in the State of North Carolina and the Commonwealth of Virginia.

SERVICE TEST

The bank's overall performance under the service test is rated high satisfactory. Delivery systems, branch locations, and hours of operation are considered readily accessible and convenient to all portions of the assessment areas. Of the 17 branch offices, eight (47.1%) are located within moderate-income areas. No branches have opened or closed since the previous CRA evaluation. Also, the bank offers a low-cost checking product to its customers and supports certain community development organizations that provide community development services within some of the bank's assessment areas. Discussion of specific activities is included for each assessment area, as applicable.

As required by the Federal Deposit Insurance Corporation Improvement Act of 1991, FNB Southeast has adopted a branch closing policy.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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.

CRA RATING FOR North Carolina: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: Low Satisfactory

The service test is rated: High Satisfactory

Major factors supporting the rating include:

- Lending activity was consistent with the bank's capacity and aided in meeting identified community credit needs.
- While the geographic and borrower distribution performance varies from adequate to excellent by product across the bank's markets, it is considered good overall.
- An adequate level of community development loans has been extended for affordable housing projects.
- Relative to available investment opportunities and bank capacity, the amount of qualified community development investments reflects adequate performance.
- Delivery systems and branch locations are readily accessible to all segments of the assessment areas.

SCOPE OF EXAMINATION

As previously described, the evaluation considers HMDA and small business lending activity of the bank and its subsidiary mortgage company from January 1, 2004, through December 31, 2005. Qualified community development loans and services are considered when provided since the previous evaluation, and outstanding qualified investments are also considered regardless of when made.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NORTH CAROLINA

FNB has two assessment areas (Greensboro-High Point MSA and Wilmington MSA) within the state. Thirteen branch offices serve a population of 714,365 within the combined market area. A majority of the families are middle- and upper-income (63.5%), while low- and moderate-income families comprise 19.2% and 17.3%, respectively, of the total. Within the combined market areas, 8.3% of families are living below the poverty level. The 2005 median family incomes within the Greensboro and Wilmington MSAs are \$55,400 and \$52,900, respectively.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NORTH CAROLINA

LENDING TEST

Overall, the lending test performance within North Carolina is rated high satisfactory when considering lending activity, the geographic and borrower distribution performances, and the provision of community development loans.

Lending Activity:

Lending activity (76.6%) in the State of North Carolina is consistent with the percentage of deposit volume (75.6%) and the proportion of branches (76.5%) located in the state's assessment areas.

Geographic and Borrower Distribution:

Geographic and borrower distribution performance varies somewhat by product and by market area. The distribution of small business lending by geography and business revenue is good across the bank's markets with the exception of the geographic distribution in the Wilmington, NC MSA assessment area, where the performance is adequate. The HMDA geographic distribution performance is excellent, while the distribution by borrower income is adequate across the bank's North Carolina markets. The overall performance is considered good.

Community Development Loans:

During the evaluation period, the bank participated in seven community development loans made in conjunction with the Community Investment Corporation of North Carolina (CICNC). CICNC is a statewide affordable housing loan consortium that exists to provide a source of long-term permanent financing for low- and moderate-income multifamily housing developments throughout the State of North Carolina. The loan proceeds may also serve to redevelop and stabilize low- and moderate-income areas. The bank's participation in the CICNC loans since the previous evaluation totaled \$255,000.

INVESTMENT TEST

As previously mentioned, the institution maintains a \$2 million investment in The CRA Qualified Investment Fund. This investment benefits several market areas in North Carolina including both of the bank's assessment areas. The bank's qualified investment activity within the State of North Carolina is rated low satisfactory when considering available opportunity and bank capacity.

SERVICE TEST

The bank's overall performance under the service test is rated high satisfactory. Delivery systems, branch locations, and hours of operation are readily accessible and convenient to all portions of the assessment areas. There have been no branch closings since the previous CRA evaluation. Products and services offered within the North Carolina market are substantially similar to those offered by the institution overall. Additionally, bank and mortgage company employees support various organizations that provide community development services.

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN GREENSBORO-HIGH POINT, NC MSA ASSESSMENT AREA

This assessment area is comprised of all of Guilford and Rockingham Counties and is included within a portion of the Greensboro-High Point, NC MSA. According to 2000 census data, the assessment area has a population of 512,976 and a median housing value of \$102,923. The owner-occupancy rate for the market is 60.3%, which is lower than both the state level of 61.6% and the MSA rate of 62.5%. The 2005 HUD estimated median family income for the MSA equals \$55,400. Within the assessment area, 8.1% of families are considered below the poverty level. This rate is higher than the MSA rate of 7.8%, but lower than the North Carolina State poverty level of 9%.

The following table provides demographic data for the Greensboro-High Point assessment area.

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	7	5.9	6,426	4.7	2,166	33.7	26,116	19.1
Moderate-income	29	24.6	24,050	17.6	3,356	14.0	23,925	17.5
Middle-income	50	42.4	61,149	44.7	4,339	7.1	30,214	22.1
Upper-income	32	27.1	45,248	33.1	1,237	2.7	56,618	41.4
Total	118	100	136,873	100	11,098	8.1	136,873	100
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	10,968	2,715	2.0	24.8	7,089	64.6	1,164	10.6
Moderate-income	41,286	19,693	14.8	47.7	18,142	43.9	3,451	8.4
Middle-income	97,791	61,867	46.5	63.3	29,426	30.1	6,498	6.6
Upper-income	70,554	48,679	36.6	69.0	18,045	25.6	3,830	5.4
Total	220,599	132,954	100	60.3	72,702	33.0	14,943	6.8
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	759	3.2	647	3.2	88	4.0	24	3.5
Moderate-income	4,601	19.7	3,958	19.3	514	23.6	129	18.8
Middle-income	10,448	44.7	9,190	44.8	922	42.3	336	49.1
Upper-income	7,590	32.4	6,736	32.8	658	30.2	196	28.6
Total	23,398	100	20,531	100	2,182	100	685	100
Percentage of Total Businesses:				87.7		9.3		2.9

The assessment area is located in central North Carolina, and the local economy is primarily dependent on manufacturing, retail, and agricultural industries. Recent textile plant closings have contributed to higher local unemployment rates. As of

July 2006, the unemployment rates for Rockingham and Guilford Counties were 6.5% and 5.1%, respectively. The statewide unemployment rate during the same time period equaled 5.8%.

A representative from a local economic development office was contacted during the evaluation to discuss local economic conditions and community credit needs. The contact indicated that local credit needs are being met by area financial institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GREENSBORO-HIGH POINT, NC MSA

LENDING TEST

The bank's overall lending performance within the Greensboro-High Point MSA assessment area is good when considering the geographic and borrower distribution performance along with the level of community development lending.

Lending Activity:

Lending activity (41.1%) in this assessment area is fairly consistent with the percentage of deposits (55.8%) and branch offices (58.8%) in the area and is considered good.

Geographic Distribution:

The following tables present data about the bank's 2005 lending. Discussion of performance follows each table.

Distribution of Small Business Loans by Income Level of Geography

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	10	63	143	59	275
Percentage of Total Loans	3.6%	22.9%	52%	21.5%	100%
Total Amount of Loans (000's)	\$617	\$7,266	\$18,115	\$13,942	\$39,940
Percentage of Total Amount	1.5%	18.2%	45.4%	34.9%	100%

Recent D&B data indicates that 3.2% and 19.7% of all area businesses are located in low- and moderate-income census tracts, respectively. Of all lenders reporting small business loans in the assessment area, 3.6% and 16.5% were to businesses located in low- and moderate-income tracts, respectively. As indicated in the preceding table, 3.6% of the bank's loans were to businesses located in low-income areas, which approximates the demographic proxy and aggregate reporters' performance. The bank's level of small business lending in moderate-income areas (22.9%) exceeds both the demographic proxy and aggregate reporters' performance. While the bank's volume of lending during 2004 in low-income census tracts was substantially similar to the volume during 2005, the level of lending in moderate-income areas was lower in 2004. During 2004, 17% (42/247) of the bank's small business loans were in moderate-income census tracts. This level of lending approximates the 2004 aggregate level of lending in moderate-income census tracts which equaled 16.5%. Overall, the bank's performance is considered good.

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

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	3	72	109	43	227
Percentage of Total Loans	1.3%	31.7%	48%	19%	100%
Total Amount of Loans (000's)	\$186	\$5,246	\$12,364	\$6,351	\$24,147
Percentage of Total Amount	.8%	21.7%	51.2%	26.3%	100%

Within the assessment area, 2% of all owner-occupied housing units are located in low-income geographies, and 14.8% are located in moderate-income areas. According to 2005 aggregate HMDA data, 2.4% of HMDA loans were made in low-income areas and 12.3% were in moderate-income areas. Of the bank's 2005 HMDA loans, 1.3% and 31.7% were within low- and moderate-income areas, respectively. The bank's level of lending is considered excellent. The bank's performance during 2004 is similar to the performance during 2005.

Distribution by Borrower Income and Revenue Size of the Business:

The following tables present data about the bank's lending to businesses of different revenue sizes and to borrowers of different income levels. These tables detail lending activity from 2005. A discussion of the bank's performance follows each table.

Distribution of Lending by Loan Amount and Size of Business

Of the small business loans reported during 2005, three did not include the borrowers' revenues and are not included in the following table.

	\$0 - \$100,000		>\$100,000 to \$250,000		> \$250,000		Total	
Revenues ≤ \$1 Million	105	38.6%	46	16.9%	25	9.2%	176	64.7%
Revenues > \$1 Million	49	18%	28	10.3%	19	7%	96	35.3%
Total	154	56.6%	74	27.2%	44	16.2%	272	100%

According to D&B data, 87.7% of businesses within the assessment area have revenues of \$1 million or less. Aggregate small business data indicates that 45% of reported small business loans in 2005 were to businesses having revenues of \$1 million or less. The remaining portion of businesses had revenues exceeding \$1 million or revenue data was not determined. During the evaluation period, 64.7% of the bank's loans were to businesses with revenues of \$1 million or less. This level of lending is considered good. The 2004 performance is consistent with the 2005 performance.

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

The bank reported a total of 227 HMDA loans within the assessment area during 2005. Of these transactions, 100 did not contain income data and are not included in the analysis.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	5	15	29	78	127
Percentage of Total Loans	3.9%	11.9%	22.8%	61.4%	100%
Total Amount of Loans (000's)	\$317	\$1,156	\$2,289	\$7,989	\$11,751
Percentage of Total Amount	2.7%	9.8%	19.5%	68%	100%

The bank's level of lending to low-income borrowers (3.9%) lags both the proportion of area low-income families (19.1%) and the 2005 aggregate percentage (7.9%). Similarly, lending to moderate-income borrowers (11.9%) lags both the percentage of moderate-income families (17.5%) and the aggregate level (23.2%). The bank's level of lending to low- and moderate-income borrowers is considered poor. The bank's performance during 2004 was somewhat better with 16 loans (11.6%) to low-income borrowers and 23 loans (16.7%) to moderate-income borrowers. The bank's performance during 2004 is adequate when considering that 2004 aggregate levels of lending are similar to 2005 aggregate levels. Overall, the bank's performance during the two-year period is considered marginally adequate.

Community Development Lending:

As previously noted, the bank has participated in certain community development lending opportunities by funding portions of loans extended by CICNC. CICNC's operations cover the State of North Carolina. There have been no other community development loans reported by the bank specific to this assessment area. The bank's level of community development lending is adequate.

INVESTMENT TEST

As previously mentioned, the bank continues to hold a \$2 million investment in The CRA Fund, which provides some benefit to this assessment area. The bank's level of qualified investments is adequate.

SERVICE TEST

Within this assessment area, FNB's performance under the service test is considered good. Systems for delivering retail-banking services are readily accessible to essentially all portions of the assessment area, including low- and moderate-income areas. Also, bank and mortgage company employees support various local organizations that promote community development.

Retail Services:

Delivery systems are accessible to all portions of the assessment areas. Automated teller machines are available and through a network provide customers with 24-hour nationwide access. Bank-by-mail 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.

The institution has ten offices within this assessment area and four (40%) are located in moderate-income census tracts. Branch locations and business hours are considered convenient and meet the needs of the assessment area.

Community Development Services:

The institution offers no-cost checking options to individuals as well as low-cost checking to businesses within the community. These accounts benefit all segments of the community including low- and moderate-income individuals. Additionally, a bank employee serves on the board of directors of the local Salvation Army chapter and another employee serves as the director of marketing for a local Habitat for Humanity chapter. A representative from the bank's mortgage company also serves on the local advisory board of Local Initiatives Support Corporation (LISC). The participation in and provision of community development services is considered good.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WILMINGTON, NC MSA ASSESSMENT AREA

This assessment area is comprised of all of New Hanover and Pender Counties and is included within a portion of the Wilmington, NC MSA. According to the 2000 census data, the assessment area has a population of 201,389 and a median housing value of \$119,296. The owner-occupancy rate for the market is 57.1%, which is lower than the state level of 61.6% and higher than the MSA level of 54.3%. Within the assessment area, 8.6% of families are considered below the poverty level. This rate is slightly lower than the MSA and state levels of 8.9% and 9%, respectively. The 2005 HUD estimated median family income for the MSA equals \$52,900.

The following table provides demographic data for the Wilmington assessment area.

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	4	10.5	2,193	4.1	781	35.6	10,416	19.4
Moderate-income	12	31.6	10,928	20.3	1,683	15.4	9,088	16.9
Middle-income	13	34.2	26,591	49.4	1,748	6.6	11,642	21.6
Upper-income	9	23.7	14,076	26.2	415	2.9	22,642	42.1
Total	38	100	53,788	100	4,627	8.6	53,788	100
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	4,426	1,364	2.4	30.8	2,482	56.1	580	13.1
Moderate-income	22,382	10,109	17.6	45.2	9,702	43.3	2,571	11.5
Middle-income	48,787	29,941	52.2	61.4	9,659	19.8	9,187	18.8
Upper-income	24,819	15,961	27.8	64.3	5,019	20.2	3,839	15.5
Total	100,414	57,375	100	57.1	26,862	26.8	16,177	16.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	462	4.4	409	4.4	35	4.2	18	5.4
Moderate-income	2,624	24.8	2,286	24.4	244	29.0	94	28.3
Middle-income	5,045	47.8	4,496	47.9	389	46.3	160	48.2
Upper-income	2,430	23.0	2,197	23.4	173	20.6	60	18.1
Total	10,561	100	9,388	100	841	100	332	100
Percentage of Total Businesses:				88.9		8.0		3.1

The assessment area is located in the southeastern portion of North Carolina. Major area industries include the local government, fishing, tourism, and service industries. As of July 2006, the unemployment rates for New Hanover (3.8%) and Pender Counties (4.3%) are lower than the statewide rate of 5.1%.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WILMINGTON, NORTH CAROLINA MSA

LENDING TEST

The overall lending performance within this assessment area is good when considering the combined geographic and borrower distribution performance along with the bank's level of community development lending.

Lending Activity:

Bank lending activity within this market (35.5%) exceeds the percentage of branch offices (17.6%) and the proportion of deposits (19.8%) within this assessment area. Relative to the number of offices and the volume of deposits in this assessment area, the level of lending is considered good.

Geographic Distribution:

Distribution of Small Business Loans by Income Level of Geography

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	12	48	200	45	305
Percentage of Total Loans	3.9%	15.7%	65.6%	14.8%	100%
Total Amount of Loans (000's)	\$1,216	\$8,224	\$45,745	\$11,683	\$66,868
Percentage of Total Amount	1.8%	12.3%	68.4%	17.5%	100%

Bank lending to businesses located in low-income census tracts (3.9%) is analogous to the proportion of area businesses (4.4%) and aggregate loans (3.1%) in such areas. The bank's level of lending to businesses located in moderate-income (15.7%) lags the proportion of area businesses (24.8%) and aggregate reported loans (20.2%). The bank's performance is considered adequate. The bank's performance during 2004, however, was poor when considering that only 6 (1.7%) and 28 (7.8%) of reported loans were to businesses located in low- and moderate-income areas, respectively. During 2004, the bank's dollar volume of lending in low- and moderate-income census tracts equaled \$547,000 and \$2,596,000, respectively, which is significantly lower than the dollar volume of lending during 2005. Accordingly, more weight was placed on the performance during 2005 than the performance during 2004. Overall, the bank's performance during the entire evaluation period is considered adequate.

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

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	0	13	19	16	48
Percentage of Total Loans	0%	27.1%	39.6%	33.3%	100%
Total Amount of Loans (000's)	\$0	\$1,198	\$3,397	\$2,852	\$7,447
Percentage of Total Amount	0%	16.1%	45.6%	38.3%	100%

Although the bank did not extend any loans during 2005 to borrowers residing in low-income census tracts, only 1.9% of the aggregate reported loans and 2.4% of owner-occupied housing units are located in such areas. The bank's level of lending to residents of moderate-income areas (27.1%) compares favorably to both the 2005

aggregate level of lending (12.5%) and the percentage of owner-occupied housing units in moderate-income areas (17.6%). The bank's performance is considered excellent. The performance during 2004 is comparable to the 2005 performance.

Distribution by Borrower Income and Revenue Size of the Business:

Distribution of Lending by Loan Amount and Size of Business

The revenues of four small business loan borrowers were not known for the loans reported during 2005. These four loans are excluded from the following table.

	\$0 - \$100,000		>\$100,000 to \$250,000		> \$250,000		Total	
Revenues ≤ \$1 Million	75	24.9%	98	32.6%	53	17.6%	226	75.1%
Revenues > \$1 Million	18	6.0%	26	8.6%	31	10.3%	75	24.9%
Total	93	30.9%	124	41.2%	84	27.9%	301	100%

According to 2005 aggregate small business data, 48.1% of all reported loans were to businesses with annual revenues of \$1 million or less. Business revenues were either unknown or in excess of \$1 million for the remaining portion of loans. D&B data indicates that 88.9% of all local businesses have revenues of \$1 million per year or less. The bank's level of lending to businesses of \$1 million or less (75.1%) is considered good and the performance during 2004 is similar.

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

For calendar year 2005, the bank reported a total of 48 HMDA loans within the assessment area; however, ten of these loans did not contain income data and are excluded from the following table.

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	2	4	10	22	38
Percentage of Total Loans	5.3%	10.5%	26.3%	57.9%	100%
Total Amount of Loans (000's)	\$146	\$301	\$1,271	\$4,080	\$5,798
Percentage of Total Amount	2.5%	5.2%	21.9%	70.4%	100%

Demographic data indicates that within the assessment area 19.4% and 16.9% of families are low- and moderate-income. According to 2005 aggregate HMDA data, 4.1% of the loans extended were to low-income borrowers and 15.2% were to moderate-income borrowers. While the bank's level of lending to low-income borrowers (5.3%) is comparable to the aggregate, its level of lending to moderate-income borrowers (10.5%) lags the aggregate level but is considered adequate. The bank's performance during 2004 is similar to its performance during 2005.

Community Development Lending:

As previously noted, the bank has participated in community development loans in conjunction with CINC. No other community development loans specific to this assessment area have been extended.

INVESTMENT TEST

The bank continues to hold a \$2 million qualified investment in The CRA Fund, whose operations benefit several areas throughout North Carolina. FNB's level of qualified investments is considered adequate.

SERVICE TEST

Within the assessment area, FNB's performance under the service test is considered good. Systems for delivering retail-banking services are reasonably accessible to essentially all portions of the assessment area, including low- and moderate-income areas.

Retail Services:

Delivery systems are readily accessible to all portions of the assessment areas. Automated teller machines are available and provide customers with 24-hour nationwide access. Bank-by-mail, bank-by-computer, and bank-by-phone services are also offered by the institution.

The institution has three offices within this assessment area. One (33%) branch is located in a moderate-income census tract. Branch locations and business hours are considered convenient and meet the needs of the entire assessment area.

Community Development Services:

The institution offers no-cost checking options to individuals as well as low-cost checking to small businesses within the community. The level of community development services is considered adequate.

CRA RATING FOR Virginia: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: Low Satisfactory

The service test is rated: High Satisfactory

Major factors supporting the rating include:

- Lending activity was consistent with the bank's capacity and meets identified community credit needs.
- The geographic and borrower distribution performance varies between excellent and good and is good overall.
- Relative to available investment opportunities, the amount of qualified community development investments reflects adequate performance.
- Delivery systems and branch locations are readily accessible to all segments of the assessment area.

SCOPE OF EXAMINATION

The scope of the examination included small business and HMDA lending for the bank and its mortgage company during calendar years 2004 and 2005. Qualified community

development loans and services are considered since the previous evaluation. Outstanding qualified investments are also considered regardless of when made.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN VIRGINIA

FNB's markets within the commonwealth include the City of Harrisonburg, which is a portion of the Harrisonburg, VA MSA and a nonmetropolitan market that includes Lee and Wise Counties and the City of Norton, Virginia. The bank operates four branches in the commonwealth.

Based on the 2000 census data, the bank's Virginia markets have a total population of 108,084. A majority of the families are middle- and upper-income (52.7%), while low- and moderate-income families comprise 27.7% and 19.6%, respectively. The percentage of families living below the poverty level equals 16.2%. The 2005 median family income for the Harrisonburg MSA equals \$55,100 and the median family income for statewide nonmetropolitan areas equals \$46,900.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN VIRGINIA

LENDING TEST

The lending test performance is rated high satisfactory overall primarily on the strength of the geographic and borrower distribution performance.

Lending Activity:

Bank lending activity (23.4%) in the Commonwealth of Virginia is consistent with the percentage of deposit volume (24.4%) and the proportion of branches (23.5%) located in the assessment area.

Geographic and Borrower Distribution:

Overall, the geographic and borrower distribution performance is good. Small business lending performance varies from good to excellent, while residential mortgage lending is considered good.

Community Development Loans:

The bank did not report any community development loans specific to the Commonwealth of Virginia.

INVESTMENT TEST

The institution continues to hold a \$2 million qualified investment in The CRA Fund. The Fund's operations facilitate community development activities in several states including the Commonwealth of Virginia. FNB's level of qualified investments is rated low satisfactory when considering investment opportunities, market presence, and the direct benefit to the local community.

SERVICE TEST

The bank's overall performance under the service test is rated high satisfactory. Delivery systems, branch locations, and hours of operation are readily accessible and convenient to all portions of the assessment areas. There have been no branch closings since the previous CRA evaluation. Products and services offered within the Virginia market are substantially similar to those offered by the institution overall.

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN HARRISONBURG, VA MSA ASSESSMENT AREA

This assessment area is a portion of the Harrisonburg, VA MSA. According to the 2000 census data, the assessment area has a population of 40,468 and a median housing value of \$119,350. The owner-occupancy rate for the market is 37.5%, which is significantly lower than both the commonwealth's level of 63.3% and the MSA level of 60.7%. With James Madison University and Eastern Mennonite University located within the assessment area, there is a large local student population which contributes to the lower owner-occupancy rates. The 2005 HUD estimated median family income for the MSA equals \$55,100. Within the assessment area, 11.5% of families are considered below the poverty level. This rate is higher than the MSA level of 6.9%, and the commonwealth's level of 7%.

The following table provides demographic data for the Harrisonburg assessment area.

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	1,459	22.2
Moderate-income	2	33.3	1,893	28.8	277	14.6	1,198	18.2
Middle-income	2	33.3	3,177	48.3	364	11.5	1,367	20.8
Upper-income	2	33.3	1,514	23.0	113	7.5	2,560	38.9
Total	6	100	6,584	100	754	11.5	6,584	100
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	4,896	1,385	27.0	28.3	3,359	68.6	152	3.1
Middle-income	5,842	2,427	47.3	41.5	3,245	55.5	170	2.9
Upper-income	2,951	1,320	25.7	44.7	1,397	47.3	234	7.9
Total	13,689	5,132	100	37.5	8,001	58.4	556	4.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	405	23.4	353	23.9	44	21.4	8	17.0
Middle-income	662	38.3	563	38.1	76	36.9	23	48.9
Upper-income	663	38.3	561	38.0	86	41.7	16	34.0
Total	1,730	100	1,477	100	206	100	47	100
Percentage of Total Businesses:				85.4		11.9		2.7

The Harrisonburg assessment area is located in the Shenandoah Valley approximately 130 miles northwest of Richmond, Virginia, and 125 miles southwest of Washington, D.C. The local economy is based on a variety of industries including poultry processing, academic institutions, manufacturing, and health care facilities. As of

July 2006, the unemployment rate for the City of Harrisonburg was 3.2%, which is higher than the MSA of 2.8% but similar to the commonwealth's unemployment rate 3.3%).

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN HARRISONBURG MSA, VIRGINIA

LENDING TEST

Overall, lending performance within this assessment area is considered good.

Lending Activity:

Bank lending activity within this market (18.4%) exceeds the percentage of branch offices (11.8%) and the proportion of deposits (13.5%) within this assessment area. Relative to the number of offices and the volume of deposits in this assessment area, the level of lending is considered good.

Geographic Distribution:

There are no low-income census tracts within the assessment area.

Distribution of Small Business Loans by Income Level of Geography

	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	23	33	32	88
Percentage of Total Loans	26.1%	37.5%	36.4%	100%
Total Amount of Loans (000's)	\$5,966	\$5,213	\$5,777	\$16,956
Percentage of Total Amount	35.2%	30.7%	34.1%	100%

Of the small business loans extended within the assessment area, 26.1% were to business located in moderate-income census tracts. According to recent D&B data, 23.4% of businesses are located in moderate-income census tracts. Similarly, 25% of all reported small business loans by the aggregate reporters were extended to businesses within moderate-income census tracts. The bank's performance during 2005 is considered good. According to data from 2004, 34.2% (25) of the bank's small business loans were to businesses in moderate-income areas, and this level of performance is excellent. The bank's combined performance during the two year period is considered good.

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

	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	42	51	25	118
Percentage of Total Loans	35.6%	43.2%	21.2%	100%
Total Amount of Loans (000's)	\$6,484	\$6,397	\$4,228	\$17,109
Percentage of Total Amount	37.9%	37.4%	24.7%	100%

During 2005, 35.6% of HMDA loans were extended in moderate-income census tracts, while aggregate data indicated that 31.5% of HMDA loans were extended in such areas. Within the assessment area, 27% of owner-occupied housing units are located in

moderate-income geographies. The bank's performance is considered good. During 2004, 27.1% (35) of the bank's loans were to borrowers residing in moderate-income census tracts. This performance is also considered good.

Distribution by Borrower Income and Revenue Size of the Business:

The tables that follow present data about the bank's lending to businesses of different revenue sizes and to borrowers of different income levels. Discussion of performance follows each table.

Distribution of Lending by Loan Amount and Size of Business

Revenue data was not known for four of the 88 reported small business loans within this assessment area.

	\$0 - \$100,000		>\$100,000 to \$250,000		> \$250,000		Total	
Revenues ≤ \$1 Million	29	34.5%	26	31%	20	23.8%	75	89.3%
Revenues > \$1 Million	5	6%	2	2.3%	2	2.4%	9	10.7%
Total	34	40.5%	28	33.3%	22	26.2%	84	100%

Of the 84 small business loans extended within the market, 89.3% were provided to businesses with annual revenues of \$1 million or less. This level of lending exceeds both the portion of businesses that, according to D&B, have a similar revenue amount (85.4%) and the percentage of such loans reported in the 2005 aggregate small business data (47.5%). This level of lending is considered excellent. The bank's performance during 2004 is similar to the performance noted during 2005.

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

Twenty-nine of 118 HMDA loans extended within this market did not contain borrower income information and are not included in the analysis.

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	8	16	20	45	89
Percentage of Total Loans	9%	18%	22.5%	50.5%	100%
Total Amount of Loans (000's)	\$761	\$2,046	\$2,503	\$7,738	\$13,048
Percentage of Total Amount	5.8%	15.7%	19.2%	59.3%	100%

Within the assessment area, 9% and 18% of reported HMDA loans were to low- and moderate-income borrowers. Demographic data indicates that 22.2% and 18.2% of area families are low- and moderate-income, respectively. While the bank's level of lending to low-income borrowers (9%) exceeds the 2005 market aggregate level (8.1%), the bank's lending to moderate-income borrowers (18%) lags the market aggregate level (22.9%). The bank's performance during 2004 was slightly better with 9.2% and 25.8% of reported HMDA loans to low- and moderate-income borrowers, respectively. Overall, the bank's performance is considered good.

Community Development Lending:

To the extent that the bank may have originated any community development loans within this assessment area, such loans have already been reported as small business or HMDA loans and cannot also be reported as community development loans.

INVESTMENT TEST

As previously noted, the institution maintains a qualified investment in The CRA Fund, which benefits several communities across the Commonwealth of Virginia. The bank's level of qualified investments within this assessment area is adequate.

SERVICE TEST

FNB's performance under the service test is considered good. Systems for delivering retail-banking services are readily accessible to essentially all portions of the assessment area, including moderate-income areas.

Retail Services:

Delivery systems are accessible to all portions of the assessment areas. Automated teller machines are available and provide customers with 24-hour nationwide access. Banking services are also facilitated by mail, phone, and computer.

The institution has two offices within this assessment area, of which one (50%) is located in a moderate-income census tract. Branch locations and business hours are considered convenient and meet the needs of the assessment area.

Community Development Services:

The institution offers no-cost checking options to individuals, as well as low-cost checking to businesses within the community. These accounts benefit all segments of the community including low- and moderate-income individuals. The level of community development services is considered adequate.

NONMETROPOLITAN STATEWIDE AREA

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NONMETROPOLITAN AREAS OF VIRGINIA

FNB's Lee/Wise/Norton assessment area was reviewed using the limited review examination procedures. Information detailing the composition of the assessment area is included in the **DESCRIPTION OF INSTITUTION** section of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE LEE/WISE/NORTON NONMSA ASSESSMENT AREA

The performance within the Lee/Wise/Norton assessment area was consistent with the State of Virginia ratings for the Lending, Investment, and Services Tests. Facts and data reviewed, including performance and demographic information, can be found in **APPENDIX C** of this report.

CRA APPENDIX A

SCOPE OF EXAMINATION

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION		
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED ¹
Greensboro-High Point, NC MSA	Full-Scope	202 South Main Street, Reidsville, North Carolina 1501 Highwoods Boulevard, Greensboro, North Carolina
Wilmington, NC MSA	Full-Scope	
Harrisonburg, VA MSA	Full-Scope	
Lee/Wise/Norton, VA NonMSA	Limited-Scope	

¹ There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.

CRA APPENDIX B

Summary of State Ratings

State or Multistate Metropolitan Area Name	Lending Test Rating	Investment Test Rating	Service Test Rating	Overall State Rating
North Carolina	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
Virginia	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory

CRA APPENDIX C
LIMITED REVIEW TABLES

Lee/Wise/Norton Assessment Area

The assessment area includes all of Lee and Wise counties and the City of Norton, Virginia, and is located in the southwestern portion of the commonwealth.

The following table provides relevant demographic and 2005 aggregate data for the assessment area.

Summary of Demographic and Aggregate Data			
		% Low-Income	% Moderate-Income
Families by Geography		N/A	46.2%
Families < Poverty Level as % of Families by Geography		N/A	21.4%
Owner-Occupied Housing Units by Geography		N/A	45.7%
Area Families by Income Level		29.6%	20.1%
Aggregate HMDA Loans by Geography		N/A	43.9%
Aggregate HMDA Loans by Borrower Income		13%	23.9%
Area Businesses by Geography		N/A	53.6%
Aggregate Small Business Loans by Geography		N/A	44.4%
Area Businesses with Revenues ≤ \$1 million	86.4%		
Aggregate Small Business Loans with Revenues < \$1 million	44.7%		

As of July 2006, the unemployment rates for Lee and Wise Counties and the City of Norton were 4.6%, 5.0%, and 5.4%, respectively. These rates are higher than the commonwealth's rate of 3.3%.

Performance Test Data for Lee/Wise/Norton Assessment Area

LENDING TEST

There are no low-income census tracts in the assessment area.

Loan Originations/Purchases - 2005								
	In Moderate-Income Areas		To Low-Income Borrowers		To Moderate-Income Borrowers		To Businesses with Revenues < \$1 Million	
	#	%	#	%	#	%	#	%
HMDA	14	40%	7	20.6%	8	23.5%		
Small Business	15	88.2%					11	73.3%

INVESTMENT TEST

The bank has \$2 million in qualified investments that benefit a statewide area that includes this assessment area.

SERVICE TEST

Banking services offered in this assessment area are substantially the same as the services available to other communities the bank serves. Both branch offices are located in moderate-income census tracts.

CRA APPENDIX D

GLOSSARY

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 metropolitan area/assessment area.

Census tract: 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 statistical 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, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies designated by the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency.

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 nonrelatives 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 householder 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 (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract or a block numbering area delineated by the U.S. 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 statistical area to file annual summary reports of their mortgage lending activity. The reports include data such as race, gender and income of applications, amount of loan requested, and disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings 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 (for example, 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 metropolitan area/assessment area.

Metropolitan area ("MA"): Any primary metropolitan statistical area ("PMSA"), metropolitan statistical area ("MSA"), or consolidated metropolitan statistical area ("CMSA"), as defined by the Office of Management and Budget, with a population of 250 thousand 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 multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate 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 non-mortgage, 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 Call Report. These loans have original amounts of \$500 thousand or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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.