

**PUBLIC DISCLOSURE**  
July 9, 2001  
**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Vantage Bank/Tri-Cities  
1017528  
3000 Lee Highway  
Bristol, Virginia 24202

**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 Vantage Bank/Tri-Cities with respect to the lending, investment, and service tests.

<b>PERFORMANCE LEVELS</b>	<b><u>First Vantage Bank/Tri-Cities</u></b>		
	<b>PERFORMANCE TESTS</b>		
	<b>LENDING TEST *</b>	<b>INVESTMENT TEST</b>	<b>SERVICE TEST</b>
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:

- Performance in the Johnson City-Kingsport-Bristol Metropolitan Statistical Area and Virginia and Tennessee were rated satisfactory.
- Overall lending activity was consistent with the bank's capacity and addressed identified community credit needs.
- A substantial majority of the institution's consumer, HMDA, and small business loans were originated within the bank's

assessment areas.

- The borrower and geographic distribution of loans within each of the assessment areas is considered at least good.
- 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 considered adequate.
- The bank has not received any complaints regarding its CRA performance since the previous evaluation.

#### **DESCRIPTION OF INSTITUTION:**

First Vantage Bank/Tri-Cities is headquartered in Bristol, Virginia, and operates 33 branch offices throughout the southwestern portion of the Commonwealth of Virginia and the northeastern portion of the State of Tennessee. On June 23, 2000, First Virginia Bank – Mountain Empire, Abingdon, Virginia, merged with Tri-City Bank and Trust Company, Blountville, Tennessee, to form First Vantage Bank/Tri-Cities. The institution is a subsidiary of First Virginia Banks, Inc. (FVBI), a multi-bank holding company located in Falls Church, Virginia. Additionally, First Virginia Mortgage Company (FVMC) and First Virginia Credit Services, Inc. (FVCSI), subsidiaries of the lead bank, First Virginia Bank, Falls Church, Virginia, share an affiliate relationship with First Vantage Bank/Tri-Cities.

As of March 31, 2001, the bank had assets of \$621.1 million of which 65.7% were loans and 26.7% were securities. The loan portfolio was comprised of 47.5% consumer purpose, 38.2% real estate secured (both commercial and business), 12.4% commercial or agricultural, and 1.9% other. Deposits as of March 31, 2001, were \$532.6 million.

First Virginia Bank – Mountain Empire and Tri-City Bank and Trust Company were both rated satisfactory for their previous CRA examinations conducted June 21, 1999.

As a result of the consolidation of the two institutions the bank serves three assessment areas. The largest of the three areas is located in the multistate Johnson City-Kingsport-Bristol Metropolitan Statistical Area (MSA). This assessment area includes Hawkins, Sullivan, and Washington Counties, Tennessee, the Cities of Kingsport and Bristol, Tennessee, Washington and Scott Counties, Virginia, and the City of Bristol, Virginia. The second assessment area includes City of Norton, as well as Dickenson, Russell, and Wise Counties, Virginia. The smallest of the three assessment areas consists of Greene County, Tennessee.

## **SCOPE OF EXAMINATION**

The review of the bank's lending activity includes loans reported under the Home Mortgage Disclosure Act (HMDA), small business/farm and consumer, originated or purchased during the review period from January 1, 1999, to December 31, 2000. Community development loans from June 29, 1999, through June 30, 2001, were also considered under the lending test. Qualified investments and services were considered for this same period under the investment and service tests.

The three assessment areas were evaluated using the interagency examination procedures developed by the Federal Financial Institution's Examination Council. The institution's ratings are based on performance in each assessment areas. Greater weight was placed on the institution's performance in the MSA and Virginia nonmetropolitan assessment areas because of their relative size based on deposits and loan activity, as well as the population within these markets.

An overall rating and a rating for the lending, investment, and service tests are assigned to the multistate MSA and to each state. State ratings are based only on performance in the assessment areas outside the multistate MSA.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:**

### **LENDING TEST**

An analysis of lending from January 1, 1999, to December 31, 2000, for the three assessment areas is discussed in greater detail later in the report. The lending test is rated high satisfactory overall based on the lending activity, distribution of lending, and community development lending. Area demographics, Dun & Bradstreet (D&B) economic data, and market aggregate information are used as proxies for demand when evaluating the bank's performance. Aggregated data for 1999 is used since the 2000 data is not yet available. Aggregated data includes First Virginia Bank – Mountain Empire and Tri-City Bank and Trust Company and all reporting institutions that originated loans of the type considered within First Vantage Bank/Tri-Cities' assessment area.

## 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 Vantage Bank/Tri-Cities is an active lender within its assessment area. Loan-to-deposit ratio is one measure of a bank's lending relative to its capacity. During a eight-quarter period ending March 31, 2001, the quarterly average loan-to-deposit ratio for all banks headquartered in metropolitan areas of Virginia and of similar asset size to First Vantage Bank/Tri Cities ranged from 76.4% to 79.7%. The bank's average loan-to-deposit ratio for the same eight-quarter period is 78.8%. No barriers to the institution'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. Complex products, such as adjustable rate mortgages, as well as Government insured or guaranteed loans, are available by referral to FVMC, a mortgage lending affiliate. FVMC recently began accepting applications only over the Internet and loan volume has dropped. Coinciding with this change, the bank recently extended the term of its home equity loans from a maximum term of 15 years to 20 years, potentially making this a more attractive product to meet consumer needs. Although not offered directly, credit cards are available to customers through an arrangement with MBNA, Incorporated, a credit card bank headquartered in Delaware.

Several loan programs are available that offer more flexible underwriting criteria or loan terms. The bank has originated one FHA Title I loan since the previous evaluation. FVMC extended 16 Government-sponsored or affordable housing loans totaling \$1.4 million in the bank's assessment areas from January 1, 1999, to December 31, 2000. Additionally, the bank made three Small Business Administration loans totaling \$341,724 during this period.

The bank also participates in the Healthy Community Loan Fund. The fund established by FVBI and the Virginia Health Care Foundation provides financing to health care providers willing to locate in underserved communities throughout the Commonwealth. These designated areas have been identified by state officials as having a shortage of adequate health care and include First Vantage Bank/Tri-Cities' assessment areas. The bank has extended two loans totaling \$200,000 under this program within its Virginia nonmetropolitan assessment area. This market is primarily rural and is considered somewhat economically depressed. The area has a relatively high poverty rate and high percentage of low-and moderate-income residents.

Lending by FVMC and FVCSI contribute to meeting the credit needs of the institution's assessment areas. FVCSI originates a significant number of indirect automobile instalment loans. The following table depicts lending by the bank and lending by

affiliates within the bank's assessment areas in the designated categories. The table illustrates that lending primarily has targeted the retail market with an emphasis on motor vehicle lending.

First Vantage Bank/Tri-Cities 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 *	452	2.3%	\$28,966	11.5%
Small Farm *	95	.5%	\$1,271	.5%
Home Mortgage Disclosure Act (HMDA) *	1,482	7.7%	\$50,521	20%
<i>HMDA Subtotals *</i>				
<i>Home Purchase</i>	<i>311</i>	<i>1.6%</i>	<i>\$15,835</i>	<i>6.3%</i>
<i>Refinancing</i>	<i>591</i>	<i>3.1%</i>	<i>\$28,991</i>	<i>11.4%</i>
<i>Home Improvement</i>	<i>580</i>	<i>3%</i>	<i>\$5,695</i>	<i>2.3%</i>
Small Business-Real Estate Secured	1	-	\$81	-
Home Equity (nonHMDA)	424	2.2%	\$14,951	5.9%
Motor Vehicle	9,164	47.4%	\$131,320	51.9%
Other Consumer Secured	2,531	13.1%	\$16,053	6.4%
Other Consumer Unsecured	5,171	26.8%	\$9,699	3.8%
Totals	19,320	100%	\$252,862	100%

\* The institution is required to collect information about these types of loans.

Assessment Area Concentration

The table below depicts the distribution of bank lending inside and outside its assessment areas. Affiliate lending is not included.

Comparison of Credit Extended Inside and Outside of Assessment Areas

Loan Category	IN				OUT			
	#	%	\$(000's)	%	#	%	\$(000's)	%
Small Business/Farm	510	93.6%	\$27,729	95.5%	35	6.4%	\$1,313	4.5%
HMDA	1,364	92.4%	\$42,357	95.6%	112	7.6%	\$1,947	4.4%
Consumer	10,428	91.3%	\$65,587	90.5%	991	8.7%	\$6,864	9.5%
Totals	12,302	91.5%	\$135,673	93.1%	1,138	8.5%	\$10,124	6.9%

As depicted above, 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 assessment areas is considered highly responsive to community credit needs.

Borrower and Geographic Distribution

Within each assessment area a good distribution of loans to individuals of varying incomes and to businesses of different sizes was noted. Loan penetration among low-, moderate-, middle-, and upper-income geographies was generally good and in some cases excellent relative to area credit needs within each assessment area. In all cases the bank's performance was compared to demographic proxies for demand as well as available aggregate loan data.

**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) and Tennessee Housing Development Agency (THDA) bonds. These two entities provide home mortgages primarily to low- and moderate-income families within their respective states. As of July 9, 2001, the bank has \$830,000 in VHDA and \$5.5 million in THDA bonds. Of these investments, \$250,000 of THDA bonds were purchased since the previous evaluation. The bank has also invested \$1.9 million in Virginia Community Development Corporation's Housing Equity Funds. The majority of this investment (\$1.8 million) was made 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 \$15,000 equity investment is maintained in Virginia Capital, LLC, which operates a licensed small business investment company (SBIC), Virginia Capital SBIC, LP.

Other investments consist primarily of contributions to a variety of causes primarily assisting low- and moderate-income residents of Virginia and Tennessee. Since July 1, 1999, these contributions totaled \$10,940. The bank also donated a building valued at \$423,400 to a local community organization that provides services primarily to low- and moderate-income residents.

Investments targeting specific assessment areas are discussed in each assessment area evaluation.

### **SERVICE TEST**

The rating of the institution under the service test is high satisfactory. Delivery systems, including ATMs, and branch locations are considered readily accessible, and the hours of operation are convenient to all portions of the assessment area. The bank's participation in a variety of community organizations is considered responsive to community needs. The bank closed four branch offices since the previous evaluation but no significant adverse impact was associated with these closings. 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 regulation were identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

### **MULTISTATE METROPOLITAN AREA**

**CRA RATING FOR THE JOHNSON CITY-KINGSPORT-BRISTOL MSA:** Satisfactory

The Lending Test is Rated: High Satisfactory

The Investment Test is Rated: High Satisfactory

The Service Test is Rated: High Satisfactory



The major factors supporting this rating include:

- Lending activity was consistent with the bank's capacity and helped meet identified community credit needs.
- The borrower and geographic distribution of loans is considered good.
- Relative to opportunities the number and amount of qualified community development investments made by the institution reflects good performance.
- Delivery systems and branch locations are readily accessible to all segments of the assessment area. Branch closings have not adversely affected low- and moderate-income neighborhoods.

## **SCOPE OF EXAMINATION**

Performance was evaluated for the period January 1, 1999, through December 31, 2000. For the lending test, consumer, HMDA, and small business loan data were evaluated. Affiliate lending is included in all loan categories. Qualified community development lending was also considered for a period from June 1999 through June 2001. Additionally, the institution's efforts to serve its markets through qualified community development investments and services were reviewed for this same period.

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN JOHNSON CITY-KINGSPORT-BRISTOL MSA:**

This assessment area is located within the multistate Johnson City-Kingsport-Bristol Metropolitan Statistical Area (MSA) and includes Hawkins, Sullivan, and Washington Counties, Tennessee, the Cities of Kingsport and Bristol, Tennessee, Washington and Scott Counties, Virginia, and the City of Bristol, Virginia. The area contains 88 census tracts of which 86 had income reported. Of the tracts reporting income one is low-income, 20 are moderate-income, 42 are middle-income, and 23 are upper-income. According to 1990 census data, this assessment area has a population of 367,993 and a median housing value of \$49,515. The owner-occupancy rate for the market is 67.8%, which is similar to the MSA rate of 68.3%. The percentage of assessment area families living below the poverty line is 12.2%, which is similar to the MSA poverty rate of 12.5%. The 1999 and 2000 median family incomes for the MSA are \$38,600 and \$40,300, respectively.

The following table provides demographics for the metropolitan assessment area by the income level of families and the percentage of population and owner-occupied housing units in census tracts of varying income levels. Poverty rates are also provided. For the year 2000, 92% of all assessment area businesses reported revenues of \$1 million or less.

### Assessment Area Demographics

	Low- Income	Moderate -Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	20.5%	17.5%	20.2%	41.8%	100%
Percentage of Population Residing in Census Tracts by Income Level	<.1%	19.5%	56.2%	24.3%	100%
Percentage of Owner-Occupied Housing Units by Census Tract	0%	16.7%	58.1%	25.2%	100%
Percentage of Businesses Located in Census Tracts by Income Level	3.2%	18.2%	51.6%	27%	100%
Percentage of Families Below Poverty Rate by Income Level of Tract	100%	21.5%	12.1%	5.4%	NA

The metropolitan economy is largely dependent on manufacturing companies and agriculture. The major manufacturing employers in the area include Westinghouse Electric Corporation, Eastman Chemical Corporation, Wellmont Health Systems, Bristol Compressors, Inc., Camac Corporation, Mid-Mountain Foods, and U. S. Gypsum Company, Inc. Poultry and egg production industries are a large part of the agricultural economy. The May 2001 unemployment rates for Hawkins, Sullivan, and Washington Counties, Tennessee were 5.1%, 3.1%, and 3.7%, respectively. The unemployment rates for the same period for Washington and Scott Counties and the City of Bristol, Virginia, were 4.3%, 4.0%, and 2.6%, respectively. As of May 2001 the unemployment rates for Commonwealth of Virginia and the State of Tennessee were 2.9% and 3.6%, respectively.

First Vantage Bank/Tri-Cities operates 23 branches in the assessment area. As of June 2000, the bank ranked fifth in deposit market share at 6.8% of deposits within the portion of the MSA it serves. The assessment area accounted for 61.9% of total First Vantage Bank/Tri-Cities deposits. During the review period, 63.8% of the number of loans extended or purchased were in this assessment area.

During 1999 and prior to their merger in June 2000, Tri-City Bank and Trust Company and First Virginia Bank - Mountain Empire served this assessment area. Based on the 1999 aggregate lending data, the two banks ranked eighth in combined market share for small business lending, accounting for 4.4% of loans. As mortgage lenders, the same two institutions ranked eighth in combined market share with 2.8% of loans originated or purchased.

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.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN JOHNSON CITY-KINGSPORT-BRISTOL MSA:**

### **LENDING TEST**

#### Lending Activity

Lending within the Johnson City-Kingsport-Bristol MSA assessment area is consistent with the proportion of offices (69.7%) and deposits (61.9%) in the assessment area.

#### Geographic Distribution of Loans

The geographic distribution of loans is reflected in the following tables and each is followed by a discussion of bank performance.

Distribution of Consumer Loans by Income Level of Census Tract

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	7	2,142	6,515	2,505	11,169
Percentage of Total Loans	<.1%	19.2%	58.3%	22.4%	100%
Total Amount of Loans	\$25	\$19,149	\$71,646	\$31,873	\$122,693
Percentage of Total Amount	<.1%	15.6%	58.4%	26%	100%

Consumer lending within low- and moderate-income census tracts is consistent with the percentage of population (low-income <.1% and moderate-income 19.5%) residing in such tracts. Few people (53) reside in the area's one low-income tract. Taking into the account the poverty rate (21.5%) in moderate-income tracts the institution's level of lending in these tracts is considered good.

Distribution of HMDA Loans by Income Level of Census Tract

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	0	193	484	107	784
Percentage of Total Loans	0%	24.6%	61.7%	13.7%	100%
Total Amount of Loans	\$0	\$5,781	\$20,608	\$5,363	\$31,752
Percentage of Total Amount	0%	18.2%	64.9%	16.9%	100%

The review of HMDA loans extended within this assessment area revealed that the institution had an excellent level of lending within moderate-income census tracts. The level of lending (24.6%) exceeded both the percentage of owner-occupied housing units (16.7%) and the aggregate level of lending (13%) in such tracts. There were no owner-occupied units in the area's one low-income tract. When compared to the market aggregate and percentage of owner-occupied units the bank's HMDA lending within this assessment area is considered excellent.

Distribution of Small Business Loans by Income Level of Census Tract

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	6	56	182	64	308
Percentage of Total Loans	1.9%	18.2%	59.1%	20.8%	100%
Total Amount of Loans	\$198	\$2,957	\$12,658	\$4,919	\$20,732
Percentage of Total Amount	1%	14.3%	61%	23.7%	100%

Distribution of Small Farm Loans by Income Level of Census Tract

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	0	30	30	2	62
Percentage of Total Loans	0%	48.4%	48.4%	3.2%	100%
Total Amount of Loans	\$0	\$328	\$509	\$118	\$955
Percentage of Total Amount	0%	34.3%	53.3%	12.4%	100%

First Vantage Bank/Tri-Cities' small business loan penetration in low- and moderate-income census tracts (20.1%) is consistent with D & B data which indicates that within the assessment area 21.4% of commercial entities are located in such tracts. A review of the 1999 small business aggregate data revealed 2.1% and 15.7% penetration in low-and moderate-income tracts, respectively. The bank's lending in low-income tracts (1.9%) was similar to aggregate lending. Its lending in moderate-income tracts (18.2%) slightly exceeded aggregate lending in such geographies and is considered good.

Of the 62 small farm loans extended by the bank approximately half were to farms located in moderate-income census tracts. A review of the 1999 small farm aggregate data revealed no loans were extended in the one low-income tract and 22.4% of such loans were extended in moderate-income tracts within this assessment area. While the volume is small, the distribution of farm loans is considered excellent.

The overall geographic loan distribution (consumer, HMDA, and small business/farm) within this assessment area is considered good given the institution's size, branch locations, and the effective demand for credit.

### Borrower Profile

The distribution of loans by income level of borrower and size of business or farm is reflected in the following tables.

Distribution of Consumer Loans by Income Level of Borrower

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	2,107	2,420	2,614	3,435	10,576
Percentage of Total Loans	19.9%	22.9%	24.7%	32.5%	100%
Total Amount of Loans (000's)	\$11,162	\$22,961	\$31,057	\$55,362	\$120,542
Percentage of Total Amount	9.3%	19%	25.8%	45.9%	100%

The volume of consumer loans to low-income borrowers (19.9%) is similar to the percentage of low-income families (20.5%) residing in the assessment area. Lending to moderate-income borrowers (22.9%) slightly exceeds the percentage of moderate-income families (17.5%) within this assessment area. Lending to borrowers in both income categories constitutes a good distribution.

Distribution of HMDA Loans by Income Level of Borrower

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	110	180	232	253	775
Percentage of Total Loans	14.2%	23.2%	29.9%	32.7%	100%
Total Amount of Loans (000's)	\$1,648	\$4,840	\$8,768	\$16,120	\$31,376
Percentage of Total Amount	5.3%	15.4%	27.9%	51.4%	100%

Within the assessment area, the institution provided 14.2% of its HMDA loans to low-income borrowers and 23.2% of such loans to moderate-income borrowers. This level of lending is considered good and exceeded market aggregate lending for low-income borrowers (10.3%) and moderate-income borrowers (20%). The percentage of lending to low-income families was slightly below such families (20.5%) residing in the assessment area; however, the lending to moderate-income families was slightly above the percentage of such families (17.5%).

Distribution of Lending  
by Loan Amount and Size of Business

	\$0 - \$100,000		>\$100,000 to \$250,000		> \$250,000		Total	
Number Total Revenues ≤ \$1 Million	258	83.8%	21	6.8%	14	4.5%	293	95.1%
Number Total Revenues > \$1 Million	7	2.3%	4	1.3%	4	1.3%	15	4.9%
Totals	265	86.1%	25	8.1%	18	5.8%	308	100%

Of the 308 small business loans provided in the assessment area, 95.1% were made to businesses with revenues of \$1 million or less. Additionally, 83.8% of the loans were to borrowers with revenues \$1 million or less and in amounts less than \$100,000. D & B data for the year 2000 indicates that 92% of all assessment area businesses generated revenues of \$1 million or less. Based on the number of small businesses within this assessment area, the bank's level of lending to such entities is considered good. All 62 agricultural loans extended by First Vantage Bank/Tri-Cities in this market were to farms with revenues of \$1 million or less.

Given the products offered by the institution, the distribution of loans to borrowers of different income levels and to businesses of different sizes is considered good and responsive to community credit needs using aggregate data and area demographics as proxies for demand.

Community Development Loans



To the extent the bank originated any community development loans, such financing has been reported as small business or HMDA loans.

## **INVESTMENT TEST**

As previously mentioned, the institution has investments in the VHDA, THDA, and the Virginia Community Development Corporation's Housing Equity Funds. These entities provide housing assistance to low- and moderate-income families through mortgage loans, as well as the production of affordable housing within their respective states including this assessment area.

First Vantage Bank/Tri-Cities has provided contributions to a variety of organizations that assist community development. Since the previous evaluation \$8,350 was provided to organizations that primarily serve small businesses and/or low- and moderate-income residents in the 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. Three (18.8%) of the bank's 16 area ATMs are located in moderate-income census tracts. Bank-by-mail and bank-by-computer services are also offered by the institution for deposit and lending products. In addition, First Vantage Bank/Tri-Cities provides customers with 24-hour telephone access to their accounts.

### Branch Locations and Hours of Operation

The institution has 23 offices within this assessment area of which one (4.4%) is located in the area's low-income census tract and five (21.7%) are located in moderate-income geographies. Additionally, branch locations and business hours are considered convenient and meet the needs of the assessment area. Most branches offer Saturday hours, 8:00 a.m. to 12 noon, and have drive-in facilities that are open Monday through Friday, 8:00 a.m. to 6:00 p.m., and Saturday, 8:00 a.m. to 12 noon.

One office located in a moderate-income area was closed and another located in a middle-income tract was sold. The closed branch was in Scott County and of the three remaining offices in this county, two are in moderate-income tracts. Also, these other nearby branches are considered to be accessible in this predominately rural area.

## Community Development Services

The institution provides financial expertise to the Virginia Coalfield Economic Development Authority and the First Tennessee Development District. These entities assist in improving economic conditions in the regions they serve.

Systems for delivering retail banking services, including low- and moderate-income areas, and the various community development services provided are considered responsive to community credit needs.

### **STATE RATING**

**CRA RATING FOR THE STATE OF VIRGINIA:** Satisfactory

**The Lending Test is rated:** High Satisfactory

**The Investment Test is rated:** High Satisfactory

**The Service Test is rated:** High Satisfactory

The major factors supporting this rating include:

- Lending activity was consistent with the bank's capacity and helped meet identified community credit needs.
- The borrower and geographic distribution of loans is considered good.
- Relative to opportunities the number and amount of qualified community development investments made by the institution reflects good performance.
- Delivery systems and branch locations are readily accessible to all segments of the assessment area. Branch closings have not adversely affected low- and moderate-income neighborhoods.

## **SCOPE OF EXAMINATION**

Performance was evaluated for the period January 1, 1999, through December 31, 2000. For the lending test, consumer, HMDA, and small business loan data were evaluated. Affiliate lending is included in all loan categories. Qualified community development lending was also considered for the period since the previous evaluation through the end of June 2001. Additionally, the institution's efforts to serve its markets through qualified community development investments and services were reviewed for this same period. The state rating is based on performance solely in the single assessment area outside of the multistate MSA.

### **NONMETROPOLITAN STATEWIDE AREAS**

(if some or all of the assessment areas within the nonmetropolitan area were reviewed using the examination procedures)

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN NORTON CITY-DICKENSON-RUSSELL-WISE COUNTIES ASSESSMENT AREA:**

This assessment area includes the City of Norton, as well as Dickenson, Russell, and Wise Counties, Virginia. This nonmetropolitan market contains 32 block numbering areas (BNAs) of which 23 reported income. Of the 23 BNAs reporting income, 16 are moderate-income, six are middle-income, and one is upper-income. There are no populated low-income BNAs in this assessment area. According to 1990 census data, this market has a population of 90,107 and a median housing value of approximately \$42,614. The owner-occupancy rate for the assessment area is 77.8%, which is slightly higher than the 73.6% rate for the nonmetropolitan portions of the Commonwealth. The percentage of assessment area families living below the poverty line is 20.1%, which is substantially higher than the statewide poverty rate of 7.7%. The 1999 and 2000 median family incomes for nonmetropolitan areas within Virginia are \$38,300 and \$39,800, respectively.

The following table provides demographics for the nonmetropolitan assessment area by the income level of families and the percentage of population and owner-occupied housing units in BNAs of varying income levels. Poverty rates are also provided. For the year 2000, 90.3% of all assessment area businesses reported revenues of \$1 million or less according to D&B economic data.

### Assessment Area Demographics

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	31.7%	20.5%	19.6%	28.2%	100%
Percentage of Population Residing in Census Tracts by Income Level	NA	68.6%	26.4%	5%	100%
Percentage of Owner-Occupied Housing Units by Census Tract	NA	69.4%	25.8%	4.8%	100%
Percentage of Businesses Located in Census Tracts by Income Level	NA	68.8%	29.7%	1.5%	100%
Percentage of Families Below Poverty Rate by Income Level of Tract	NA	22.1%	16.9%	9.2%	NA

The assessment area is primarily rural. The economy has traditionally relied on the coal mining industry for many employment opportunities. However, county officials have instituted efforts to reduce local dependence on this declining industry. Two local colleges, several manufacturing firms, and retail businesses provide other employment opportunities not related to the coal industry. The unemployment rates as of May 2001 for Dickenson, Russell, and Wise Counties and the City of Norton, Virginia are 14.0%, 5.6%, 5.1%, and 5.8%, respectively. These rates are well above the Commonwealth of Virginia's unemployment rate of 2.9% and reflect a somewhat depressed economy for the area.

First Vantage Bank/Tri-Cities operates nine branches in the assessment area. As of June 2000, the bank ranked second in deposit market share at 19.5% within Dickenson, Russell, and Wise Counties and the City of Norton. The assessment area accounted for 35.2% of total First Vantage Bank/Tri-Cities deposits. During the review period, 32.5% of the number of loans extended or purchased were in this assessment area.

During 1999 the institution operated as First Virginia Bank – Mountain Empire in this assessment area. Based on 1999 aggregate lending data, the bank ranked third in market share for small business lending accounting for 15.4% of loans. As a mortgage lender, the bank ranked second in market share with 20.8% of loans originated or purchased.

A recent community contact was reviewed to assist in evaluating the bank's CRA performance. The contact stated that area financial institutions appear to be meeting the credit needs of the community.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NORTON CITY-DICKENSON-RUSSELL-WISE COUNTIES ASSESSMENT AREA:**

### **LENDING TEST**

#### Lending Activity

Lending activity in this assessment area is consistent with the percentage of deposits (35.2%) and branch offices (32.5%) in the area.

#### Geographic Distribution of Loans

The geographic distribution of loans is reflected in the following tables.

Distribution of Consumer Loans by Income Level of Census Tract

	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	3,494	1,810	189	5,493
Percentage of Total Loans	63.6%	33%	3.4%	100%
Total Amount of Loans (000's)	\$26,126	\$14,058	\$1,839	\$42,023
Percentage of Total Amount	62.2%	33.4%	4.4%	100%

Consumer lending within moderate-income census tracts is consistent with the percentage of population (68.6%) residing in such tracts. Taking into account the poverty rate (22.1%) in moderate-income tracts this level of lending is considered good.

Distribution of HMDA Loans by Income Level of Census Tract

	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	432	200	14	646
Percentage of Total Loans	66.9%	30.9%	2.2%	100%
Total Amount of Loans (000's)	\$9,872	\$5,633	\$689	\$16,194
Percentage of Total Amount	61.0%	34.8%	4.2%	100%

The review of HMDA loans extended within this assessment revealed that the institution had an excellent level of lending within moderate-income census tracts. The level of lending (66.9%) is similar to the percentage of owner-occupied housing units

(69.4%) and exceeded the aggregate level of lending (56.7%) in such tracts. Although not all banks are required to report mortgage lending data, when compared to the market aggregate and percentage of owner-occupied units and taking into account the high poverty rate the bank's HMDA lending within this assessment area is considered excellent.

Distribution of Small Business Loans by Income Level of Census Tract

	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	83	43	4	130
Percentage of Total Loans	63.8%	33.1%	3.1%	100%
Total Amount of Loans (000's)	\$4,392	\$2,353	\$623	\$7,368
Percentage of Total Amount	59.6%	31.9%	8.5%	100%

First Vantage Bank/Tri-Cities' small business loan penetration in moderate-income census tracts (63.8%) is slightly lower than the 68.8% of commercial entities located in such tracts according to D&B data. A review of the 1999 small business aggregate data revealed 56.2% penetration in moderate-income tracts. The bank's lending in moderate-income tracts (63.8%) exceeded aggregate lending in such geographies and is considered good.

Of the 19 small farm loans extended by the bank 18 (94.7%) were to farms located in moderate-income census tracts exhibiting excellent performance. A review of the 1999 small farm aggregate data revealed 100% of such loans were extended in moderate-income tracts within this assessment area.

The overall geographic loan distribution (consumer, HMDA, and small business/farm) within this assessment area is considered good given the institution's size, branch locations, and the effective demand for credit.

Borrower Profile

The distribution of loans by income level of borrower and size of business/farm is reflected in the following tables.

Distribution of Consumer Loans by Income Level of Borrower

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	1,333	1,597	1,258	1,086	5,274
Percentage of Total Loans	25.3%	30.3%	23.8%	20.6%	100%
Total Amount of Loans (000's)	\$5,282	\$10,707	\$11,036	\$14,073	\$41,098
Percentage of Total Amount	12.9%	26.1%	26.8%	34.2%	100%

The volume of consumer loans to low-income borrowers (25.3%) is slightly less than the percentage of low-income families (31.7%) residing in the assessment area. However, lending to moderate-income borrowers (30.3%) exceeds the percentage of moderate-income families (20.5%) within this assessment area. Overall lending to low- and moderate-income borrowers constitutes a good distribution.

Distribution of HMDA Loans by Income Level of Borrower

	Low- Income	Moderate -Income	Middle- Income	Upper- Income	Total
Total Number of Loans	102	188	175	165	630
Percentage of Total Loans	16.2%	29.8%	27.8%	26.2%	100%
Total Amount of Loans (000's)	\$955	\$3,370	\$4,559	\$6,792	\$15,716
Percentage of Total Amount	6.3%	21.5%	29%	43.2%	100%



Within the assessment area, the institution provided 16.2% of its HMDA loans to low-income borrowers and 29.8% of such loans to moderate-income borrowers. This level of lending exceeded market aggregate lending for low-income borrowers (15.2%) and moderate-income borrowers (24.4%). The overall lending to low-and moderate-income borrowers (46%) was slightly below the percentage of such families (52.2%) residing in the assessment area. Based on the overall high percentage of assessment area families living below the poverty line (20.1%) and relatively high unemployment rates the overall distribution of HMDA loans to low- and moderate-income borrowers is considered good.

Distribution of Lending by Loan Amount and Size of Business

	\$0 - \$100,000		>\$100,000 to \$250,000		> \$250,000		Total	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Number Total Revenues ≤ \$1 Million	113	86.9%	8	6.1%	2	1.6%	123	94.6%
Number Total Revenues > \$1 Million	1	.8%	4	3.1%	2	1.5%	7	5.4%
Totals	114	87.7%	12	9.2%	4	3.1%	130	100%

Of the 130 small business loans provided to various entities of the assessment area, 94.6% were provided to businesses with revenues of \$1 million or less. Additionally, 86.9% of the loans were to borrowers with revenues of \$1 million or less and in amounts less than \$100,000. D & B Data for the year 2000 indicates that 90.3% of all assessment area businesses generated revenues of \$1 million or less. Based on the number of small businesses within this assessment area, the bank's level of lending to such entities is considered excellent. All 19 agricultural loans extended by First Vantage Bank/Tri-Cities in this market were to farms with revenues of \$1 million or less.

The distribution of loans to borrowers of different income levels and to businesses of different sizes is considered good and

responsive to community credit needs using aggregate data and area demographics as proxies for demand.

### Community Development Loans

One community development loan for \$1 million was made to the Buchanan County Housing Authority. The proceeds of the loan were used to construct a 20-unit apartment complex to be occupied by low- and moderate-income residents. Buchanan County borders First Vantage Bank/Tri-City's current assessment area. A portion of Buchanan County was part of the bank's assessment area during the evaluation period. With the closing of the institution's Buchanan County office in June 2000 this area is no longer within the bank's assessment area.

### **INVESTMENT TEST**

In addition to its statewide investments, First Vantage Bank/Tri-Cities has provided contributions to various organizations that promote community development. The bank donated a branch building to a local community organization that provides a variety of services for low- and moderate-income residents. The building was valued at \$423,400. Also, since the previous evaluation, \$1,030 has been provided to organizations that primarily serve small businesses and/or low- and moderate-income residents in the 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 (85.7%) of the bank's seven area ATMs are located in moderate-income census tracts. Bank-by-mail and bank-by-computer services are also offered by the institution for deposit and lending products. In addition, First Vantage Bank/Tri-Cities provides customers with 24-hour telephone access to their accounts.

#### Branch Locations and Hours of Operation

The institution has nine offices within this assessment area of which seven (77.8%) are located in moderate-income geographies. Additionally, branch locations and business hours are considered convenient and meet the needs of the assessment area. All

branches offer Saturday hours from 8:00 a.m. to 12 noon, and have drive-in facilities that are open Monday through Friday from 8:00 a.m. to 6:00 p.m., and Saturday from 8:00 a.m. to 12 noon.

Two offices located in moderate-income areas were closed. One of the offices was in Russell County. The remaining offices in this county are all in moderate-income tracts and are considered readily accessible in this predominately rural community. The other closed office was located in a sparsely populated area of Buchanan County and was a temporary structure sited on leased land. The lease was due to expire, and after considering alternatives, the bank decided for financial reasons to close the office. Two other bank offices within a short drive continue to serve this rural area.

### Community Development Services

The institution provides financial expertise to the Virginia Coalfield Economic Development Authority and the Dickenson County Industrial Development Authority. These entities assist in improving economic conditions in the regions they serve.

Systems for delivering retail banking services, including low- and moderate-income areas, and the various community development services provided are considered responsive.

## **STATE RATING**

**CRA RATING FOR THE STATE OF TENNESSEE:** Satisfactory

**The Lending Test is rated:** High Satisfactory

**The Investment Test is rated:** High Satisfactory

**The Service Test is rated:** High Satisfactory

The major factors supporting this rating include:

- Lending activity was consistent with the bank's capacity and helped meet identified community credit needs.
- The borrower and geographic distribution of loans is considered good.

- Relative to opportunities the number and amount of qualified community development investments made by the institution reflects good performance.
- Delivery systems and branch location are readily accessible to all segments of the assessment area.

## **SCOPE OF EXAMINATION**

Performance was evaluated for the period January 1, 1999, through December 31, 2000. For the lending test, consumer, HMDA, and small business loan data were evaluated. Affiliate lending is included in all loan categories. Qualified community development lending was also considered for the period from the previous examination through June 2001. Additionally, the institution's efforts to serve its markets through qualified community development investments and services were reviewed for this same period.

### **NONMETROPOLITAN STATEWIDE AREAS**

(if some or all of the assessment areas within the nonmetropolitan area were reviewed using the examination procedures)

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN GREENE COUNTY:**

This assessment area includes Greene County, Tennessee. This nonmetropolitan market contains 19 block numbering areas (BNAs) of which 15 reported income. Of the 15 BNAs reporting income two are moderate-income, 11 are middle-income, and two are upper-income. There are no populated low-income BNAs within this assessment area. According to 1990 census data, this market has a population of 55,853 and a median housing value of \$45,438. The owner-occupancy rate for the assessment area is 76.8%, which is slightly higher than the 74.9% rate for the nonmetropolitan portions of the state. The percentage of assessment area families living below the poverty line is 12.9%, which is similar to the statewide poverty rate of 12.4%. The 1999 and 2000 median family incomes for nonmetropolitan areas within Tennessee are \$37,500 and \$40,200, respectively.

The following table provides demographics for the nonmetropolitan assessment area by the income level of families and the percentage of population and owner-occupied housing units in BNAs of varying income levels. Poverty rates are also provided. For the year 2000, 91.9% of all assessment area businesses reported revenues of \$1 million or less according to D&B data.

### Assessment Area Demographics

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	18.6%	18.4%	22.5%	40.5%	100%
Percentage of Population Residing in BNAs by Income Level	NA	15.3%	66.4%	18.3%	100%
Percentage of Owner-Occupied Housing Units by BNA	NA	12.7%	69.8%	17.5%	100%
Percentage of Businesses Located in BNAs by Income Level	NA	18.4%	50.5%	31.1%	100%
Percentage of Families Below Poverty Rate by Income Level of BNA	NA	22.6%	12.2%	7.6%	NA

The area is primarily rural. The local economy is dependent on agriculture, manufacturing, and the tourism industry. Residents also commute to the Tri-City area of Bristol, Johnson City, and Kingsport for employment opportunities. The unemployment rate as of May 2001 for Greene County, Tennessee is 6.1% and is somewhat higher than the State of Tennessee unemployment rate of 4.1%.

First Vantage Bank/Tri-Cities operates one branch in this assessment area. As of June 2000, the bank ranked sixth in deposit market share at 2.1% within Greene County. The assessment area accounted for 2.9% of total First Vantage Bank/Tri-Cities deposits. During the review period, 3.7% of the number of loans extended or purchased were in this assessment area.

During 1999 the institution operated as Tri-City Bank and Trust Company in Greene County. Based on 1999 aggregate lending data, the bank ranked seventh in market share for small business lending accounting for 2.1% of loans. As a mortgage lender, the bank ranked twelfth in market share with 1.8% of loans originated or purchased.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GREENE COUNTY:**

**LENDING TEST**

Lending Activity

Bank lending activity in the assessment area is consistent with the percentage of branches (3%) and deposits (2.9%) in the area.

Geographic Distribution of Loans

The geographic distribution of loans is reflected in the following tables.

Distribution of Consumer Loans by Income Level of BNA

	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	67	462	98	627
Percentage of Total Loans	10.7%	73.7%	15.6%	100%
Total Amount of Loans (000's)	\$686	\$5,454	\$1,152	\$7,292
Percentage of Total Amount	9.4%	74.8%	15.8%	100%

Consumer lending within moderate-income BNAs is slightly below the percentage of population (15.3%) residing in such BNAs. Taking into account the poverty rate (22.6%) in moderate-income geographies this level of lending is considered good.

Distribution of HMDA Loans by Income Level of BNA

	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	7	33	12	52
Percentage of Total Loans	13.5%	63.4%	23.1%	100%
Total Amount of Loans (000's)	\$253	\$1,939	\$383	\$2,575
Percentage of Total Amount	9.8%	75.3%	14.9%	100%

The review of HMDA loans extended within this assessment revealed that the institution had a good level of lending within moderate-income BNAs. The level of lending (13.5%) is slightly higher than the percentage of owner-occupied housing units (12.7%) and similar to the aggregate level of lending (13.6%) in such geographies. When compared to the market aggregate and percentage of owner-occupied units the bank's HMDA lending within this assessment area is considered good.

Distribution of Small Business Loans by Income Level of BNA

	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	0	11	3	14
Percentage of Total Loans	0%	78.6%	21.4%	100%
Total Amount of Loans (000's)	\$0	\$620	\$246	\$866
Percentage of Total Amount	0%	71.6%	28.4%	100%

According to D & B data, 18.4% of commercial entities are located in the two moderate-income geographies within this assessment area. A review of the 1999 aggregate data revealed 15.1% of all small business loans and 10% of all small farm loans were extended in moderate-income BNAs. Of the 14 small business loans and 14 small farm loans extended by the bank, none were extended in the two moderate-income BNAs within this assessment area.

Based on the relatively small number of businesses and farms located in the two moderate-income BNAs along with the bank's relatively low volume of small business lending in the assessment area, the bank's lack of lending in the moderate-income geographies while low is not considered unreasonable.

The overall geographic distribution of consumer and HMDA loans with this assessment area is considered good given the institution's size, branch locations, and the effective demand for credit.

Borrower Profile

The distribution of loans by income level of borrower and size of business/farm is reflected in the following tables.

Distribution of Consumer Loans by Income Level of Borrower

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	104	155	163	176	598
Percentage of Total Loans	17.4%	25.9%	27.3%	29.4%	100%
Total Amount of Loans (000's)	\$657	\$1,690	\$1,986	\$2,881	\$7,214
Percentage of Total Amount	9.1%	23.4%	27.5%	40%	100%

The volume of consumer loans to low-income borrowers (17.4%) is slightly less than the percentage of low-income families (18.6%) residing in the assessment area. Lending to moderate-income borrowers (25.9%) exceeds the percentage of such families (18.4%) in the area. Overall lending to low- and moderate-income borrowers constitutes a good distribution.



Distribution of HMDA Loans by Income Level of Borrower

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	15	4	16	17	52
Percentage of Total Loans	28.9%	7.7%	30.8%	32.6%	100%
Total Amount of Loans (000's)	\$344	\$73	\$693	\$1,465	\$2,575
Percentage of Total Amount	13.4%	2.8%	26.9%	56.9%	100%

Within the assessment area, the institution provided 28.9% of its HMDA loans to low-income borrowers and 7.7% of such loans to moderate-income borrowers. This level of lending substantially exceeded market aggregate lending for low-income borrowers (11.3%) but was substantially less than the aggregate lending for moderate-income borrowers (22.5%). The overall lending to low-and moderate-income borrowers (36.6%) was slightly below the percentage of such families (37%) residing in the assessment area and is considered good.

All 14 small business loans and all 14 small farm loans extended by the bank were to businesses and farms with revenues of one million dollars or less and indicate an excellent level of lending to such entities.

Given the products offered by the institution, the distribution of loans to borrowers of different income levels and to businesses of different sizes is considered good and responsive to community credit needs using aggregate data and area demographics as proxies for demand.

Community Development Loans

To the extent the bank originated any community development loans, such financing has been reported as small business or HMDA loans.

## **INVESTMENT TEST**

In addition to its statewide investments, First Vantage Bank/Tri-Cities has provided contributions to a variety of organizations that promote community development. Since the previous evaluation \$1,560 has been provided to organizations that primarily serve small businesses and/or low- and moderate-income residents in the assessment area.

## **SERVICE TEST**

### Accessibility of Delivery Systems

Delivery systems are accessible to all portions of the assessment area. An Automated teller machine (ATM) is available and, through a network, provides customers with 24-hour nationwide access. The bank's one ATM is located in an upper-income BNA. Bank-by-mail and bank-by-computer services are also offered by the institution for deposit and lending products. In addition, First Vantage Bank/Tri-Cities provides customers with 24-hour telephone access to their accounts.

### Branch Locations and Hours of Operation

The institution has one office within this assessment area located in an upper-income BNA. The branch location is considered convenient and meets the needs of the assessment area. The branch offers Saturday hours from 9:00 a.m. to 12 noon, and has a drive-in facility that is open Monday through Friday from 8:00 a.m. to 6:00 p.m., and Saturday from 8:00 a.m. to 12 noon. No offices have been opened or closed in this assessment area since the previous examination.

### Community Development Services

The bank has not participated in any community development services in this assessment area but such opportunities are limited in this predominately rural community.

Systems for delivering retail banking services, including moderate-income areas, are considered responsive.

## APPENDIX A – Scope of Examination

A full discussion of the scope of the examination is contained in the narrative section of this public evaluation.

<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>		
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED *
MULTISTATE Johnson City-Kingsport-Bristol MSA	Full Procedures	203 Broyles Drive Johnson City, TN  3000 Lee Highway, City of Bristol, VA
VIRGINIA Norton City-Dickenson-Russell-Wise Counties	Full Procedures	Main Street Lebanon, VA
TENNESSEE Greene County	Full Procedures	None

\* "Branches visited" indicates where technical compliance with the CRA (signs, public file, etc.) was confirmed. The evaluation of the institution's CRA performance takes into consideration activity from all branch locations, as described in the Scope of Examination.

## APPENDIX B – Summary of State and Multistate MSA Ratings

<b>State or Multistate Metropolitan Area Name</b>	<b>Lending Test Rating</b>	<b>Investment Test Rating</b>	<b>Service Test Rating</b>	<b>Overall Rating</b>
Johnson City-Kingsport-Bristol MSA	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
Virginia	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
Tennessee	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory

## APPENDIX C - 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 multi-family 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.

**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.