

PUBLIC DISCLOSURE

February 25, 2008

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Second Bank & Trust

831727

4805 Lassen Lane

Fredericksburg, Virginia 22408

**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.

TABLE OF CONTENTS

Institution Rating

Institution's CRA Rating..... 1
Table of Performance Test Ratings..... 1
Summary of Major Factors Supporting Rating..... 1

Institution

Description of Institution..... 2
Scope of Examination..... 3
Conclusions With Respect to Performance Tests..... 3

Full Review Assessment Area Conclusions

Culpeper Assessment Area..... 7

Limited Review Assessment Area Conclusions

Charlottesville Assessment Area..... 13
Fredericksburg Assessment Area..... 13
Caroline Assessment Area..... 13

CRA Appendices

CRA Appendix A: Scope of Examination..... 14
CRA Appendix B: Limited Scope Review Tables..... 15
CRA Appendix C: Assessment Area Branch, Deposit, and Loan Volume..... 18
CRA Appendix D: Glossary..... 19

INSTITUTION RATING

INSTITUTION'S CRA RATING: Second Bank & Trust is rated **SATISFACTORY**.

The following table indicates the performance level of Second Bank & Trust with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	<u>Second Bank & Trust</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.

The major factors supporting the institution's rating include:

- Overall lending activity is good in relation to the bank's capacity and market presence.
- A substantial majority of the institution's Home Mortgage Disclosure Act (HMDA), small business, and small farm loans were originated within the bank's assessment areas.
- The borrower and geographic distributions of loans within the assessment areas are considered good.
- The level of qualified community development investments is considered adequate relative to available opportunities and bank capacity.
- Delivery systems and branch locations are accessible to all segments of the assessment areas.
- A relatively high level of community development services was identified.
- There have been no complaints regarding the bank's CRA performance since the previous CRA evaluation.

INSTITUTION

DESCRIPTION OF INSTITUTION

Second Bank & Trust (SBT) is headquartered in Fredericksburg, Virginia, and operates 16 branch offices in central Virginia. The bank is a subsidiary of Virginia Financial Group, Inc. (VFGI), a multi-bank holding company headquartered in Culpeper, Virginia. On February 16, 2007, the SBT acquired an affiliate institution, Virginia Heartland Bank, located in Fredericksburg, Virginia.

As of December 31, 2007, the bank had \$700.7 million in assets, of which 77.1% were loans and 15.6% were securities. Various credit products are available through the institution including small business, commercial, consumer, and real estate secured loans. The loan portfolio, as of December 31, 2007, was comprised of 62% commercial and farm real estate secured, 23% residential real estate secured, 11.7% commercial/agriculture, 2.3% consumer, and 1% other loans. SBT received a satisfactory rating at its prior CRA evaluation dated February 27, 2006.

The following table reflects the current composition of the bank's assessment areas.

Nonmetropolitan Assessment Area			
Name	State	County/City	Census Tracts Included
Culpeper	VA	Culpeper County	All
	VA	Orange County	All
	VA	Madison County	All
	VA	Rappahannock County	All

Metropolitan Assessment Areas			
Name	State	County/City	Census Tracts Included
Charlottesville	VA	Albemarle County	All
	VA	Charlottesville City	All
Fredericksburg *	VA	Spotsylvania County	All
	VA	Stafford County	All
	VA	Fredericksburg City	All
Caroline *	VA	Caroline County	All
Henrico *	VA	Henrico County	2001.04 - 2009.04

* New assessment areas since the previous evaluation.

Since the previous CRA evaluation, nine new branches have been opened and/or acquired. Through the acquisition of its affiliate, SBT acquired six existing branch locations, while the remaining three offices were opened as new branch locations. During this same time period, the bank has not closed any offices. The following table reflects the branching activity.

Assessment Area Name	Number of Branches	Acquired/Opened	Date
Fredericksburg	4	Acquired	February 2007
Caroline	2	Acquired	February 2007
Charlottesville	2	Opened	June & October 2006
Henrico	1	Opened	November 2007

The bank's branching activities necessitated the creation of the Fredericksburg, Caroline, and Henrico assessment areas. The bank's Charlottesville market branching activities were within an existing assessment area and did not necessitate changes to the assessment area.

SCOPE OF EXAMINATION

The institution was evaluated for CRA purposes using the interagency examination procedures developed by the Federal Financial Institutions Examination Council (FFIEC). While eligible to be evaluated as an "intermediate small bank," the institution elected to be evaluated as a "large bank." Consistent with these procedures HMDA, small business, and small farm lending activity reported by the institution from January 1, 2006, through December 31, 2007, was reviewed. Qualified community development services are also considered for activities taken place since the previous evaluation. All qualified investments outstanding as of the examination date were also considered regardless of when made. This evaluation only considers activities of the bank and does not include any affiliate activities.

Overall ratings for the lending, investment, and service tests are assigned to the institution based on its performance in assessment areas subject to the FFIEC's full review evaluation process. Because of its relative size, determined by loan activity and proportion of bank branches and deposits, the Culpeper assessment area was subject to the full review evaluation process. The remaining assessment areas were reviewed utilizing the limited review evaluation procedures, which require a determination as to whether performance was consistent with the assigned overall institution rating. **Appendix C** includes data about the distribution of lending, branches, and deposits by assessment area for the institution. According to the FFIEC's procedures, lending test performance accounts for one-half of the overall rating, while the investment and service tests are equally weighted and each account for one-quarter of the overall rating.

Because the bank only recently (November 2007) extended its branch network into Henrico County, Virginia, and the majority of data considered in this evaluation is from calendar years 2006 and 2007, the bank's performance in the Henrico assessment area was generally not considered and is not detailed in this evaluation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Overall, the lending test is rated high satisfactory based on lending activity and distribution of loans. 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 SBT and all other reporting institutions that originated and/or purchased loans of the type considered within the bank's assessment areas. Demographic data is based on the 2000 census, D&B business data is current as of 2006, and the small business, small farm, and HMDA aggregate data are from calendar year 2006.

Lending Activity:

A bank's loan-to-deposit ratio is one measure of its lending relative to its capacity. The bank's quarterly loan-to-deposit ratio for the eight-quarter period ending December 31, 2007, averaged 87.1% and ranged from 71.4% to 104.5%. The quarterly average loan-to-deposit ratios for all banks headquartered in nonmetropolitan areas of Virginia and of similar asset size to SBT ranged from 78.5% to 88.4% for the same eight-quarter period. As of December 31, 2007, the institution's loan-to-deposit ratio equaled 104.5%. Since March 31, 2006, loans, deposits, and assets have increased by 96.6%, 34.3%, and 61.9%, respectively. The increases in assets, loans, and deposits are primarily attributable to the bank's acquisition of its affiliate, Virginia Heartland Bank. No barriers to the bank's ability to lend were noted, and the bank's level of lending reflects a good level of responsiveness to area credit needs when considering market demand and bank capacity

In an effort to meet the needs of its local communities, the bank offers and/or participates in various special loan programs that have flexible underwriting criteria and benefit low- and moderate-income people and areas. These programs include Fair Housing Administration (FHA) and Veterans Administration (VA) home purchase loans. During the evaluation period, the bank originated a total of eight such loans totaling \$2,027,000.

Assessment Area Concentration:

The following table includes all HMDA, small business, and small farm loans reported from January 1, 2006, through December 31, 2007.

Lending Inside and Outside the Assessment Areas								
	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
HMDA home purchase	154	72.3	31,822	73.6	59	27.7	11,398	26.4
HMDA refinancing	333	89.8	65,628	88.6	38	10.2	8,454	11.4
HMDA multifamily	1	100	349	100	0	0	0	0
HMDA home improvement	87	93.5	4,384	97.5	6	6.5	113	2.5
HMDA home purchase -FHA	4	80	900	84.6	1	20	164	15.4
HMDA home purchase - VA	3	100	963	100	0	0	0	0
Total HMDA-related	582	84.8	104,046	83.8	104	15.2	20,129	16.2
Total small farm	7	87.5	861	98.2	1	12.5	16	1.8
Total small business	220	90.2	37,089	88.1	24	9.8	5,030	11.9
Total Loans	809	86.2	141,996	84.9	129	13.8	25,175	15.1

As depicted in the previous table, a substantial majority of loans, both by number (86.2%) and dollar amount (84.9%), for the product lines included in the analysis, have been provided to residents and businesses of the bank's assessment areas.

Geographic and Borrower Distribution:

An analysis of lending during the review period is discussed in greater detail in subsequent sections of this evaluation. While loan data from calendar years 2006 and 2007 were analyzed and considered in the evaluation, unless otherwise noted, bank and aggregate data from 2006 is presented in the analysis of the Culpeper

assessment area (full review market). The 2007 aggregate data is not yet available. Within the limited review markets, the tables reflect the bank's lending activity from 2007 rather than 2006 because the bank entered most of these markets during 2007. Since SBT reported only seven small farm loans within its combined assessment areas over the two-year period, a detailed analysis was not conducted as it would not yield meaningful information.

When evaluating the geographic and borrower distribution for a specific loan category (HMDA and small business) within an assessment area, primary emphasis is placed on the number of loans originated. When considering the performance of all loan products to arrive at an overall conclusion, the level of performance of each category is weighted by the dollar volume of each category. All conclusions additionally take into consideration relevant performance context factors.

Within the bank's market areas, a high level of small business lending activity has been reported by specialized lenders, who often originate small business loans in the form of credit cards. These loans, however, tend to be much smaller in size than traditional small business bank loans, and when included in the aggregate, these reporters often tend to understate the proportion of reported loans to businesses with revenues of \$1 million or less. Consequently, the presence of these lenders was considered as an aspect of performance context when evaluating the level and distribution of bank lending. Therefore, to better gauge performance, SBT's lending is also compared to a peer group of traditional small business lenders that excludes the credit card lenders.

The bank's geographic and borrower distribution performance varies from good to excellent across the product lines evaluated within the Culpeper assessment area. The bank's performance in the limited review assessment areas also varies by market and product line and in all cases the overall performance is considered at least adequate. The bank's overall geographic and borrower distribution performance is considered good.

Community Development Lending:

During the review period, to the extent that the bank extended loans within its assessment areas that facilitate community development, such loans have already been reported as either small business, small farm, or HMDA loans and cannot also be reported as community development loans.

INVESTMENT TEST

The institution's level of responding to community development needs through its community development investment activities is rated low satisfactory. As of December 31, 2007, the bank reported \$700.7 million in total assets with a securities portfolio totaling \$109.1 million.

Qualified investments benefiting the statewide area include:

- A \$500,000 equity investment in the Housing Equity Fund of Virginia, which is offered by the Virginia Community Development Corporation. The fund invests in low-income housing tax credit projects which predominately provide for multifamily housing and, in some instances, historic rehabilitation. In all cases, restrictions are in place to ensure that low- and moderate-income people and families benefit from the housing projects.
- A \$250,000 bond issued by the Virginia Housing Development Authority (VHDA). The VHDA facilitates housing targeted to low- and moderate-income residents of the commonwealth.

SERVICE TEST

The bank's overall performance under the service test is rated high satisfactory. Systems for delivering retail-banking services appear effective and are accessible to all portions of the assessment areas. The bank offers a low-cost checking product to its customers and also actively supports community development organizations that provide community development services throughout its various assessment areas. Discussion of specific activities is included for each assessment area, as applicable.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

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.

NONMETROPOLITAN AREA

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NONMETROPOLITAN AREAS OF VIRGINIA

The Culpeper assessment area includes all of Culpeper, Orange, Madison, and Rappahannock Counties, Virginia. According to 2000 census data, the assessment area has a population of 79,646 and a median housing value of \$123,281. The owner-occupancy rate for the assessment area equals 67.6% and is higher than the rate for the Commonwealth of Virginia (63.3%) and nonmetropolitan areas of Virginia (65.4%). The assessment area poverty rate is 6.9%, which is comparable to the commonwealth's poverty rate (7%) but less than the rate for nonmetropolitan areas of Virginia (10.7%). During 2007, the median family income for the nonmetropolitan areas of the commonwealth equals \$49,600.

The following chart provides demographic data for the assessment area by the income level of families and the percentage of population living in census tracts of varying income levels. The table also displays the distribution of owner-occupied housing by income level of census tract, as well as D&B business and farm demographic information.

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	2,748	12.5
Moderate-income	0	0	0	0	0	0	3,093	14
Middle-income	6	46.2	8,885	40.3	772	8.7	4,499	20.4
Upper-income	7	53.8	13,182	59.7	740	5.6	11,727	53.1
Total	13	100	22,067	100	1,512	6.9	22,067	100
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	0	0	0	0	0	0	0	0
Middle-income	13,394	8,516	38.5	63.6	3,713	27.7	1,165	8.7
Upper-income	19,373	13,618	61.5	70.3	3,971	20.5	1,784	9.2
Total	32,767	22,134	100	67.5	7,684	23.5	2,949	9
	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
Moderate-income	0	0	0	0	0	0	0	0
Middle-income	1,135	39.5	1,026	39	89	46.8	20	34.5
Upper-income	1,741	60.5	1,602	61	101	53.2	38	65.5
Total	2,876	100	2,628	100	190	100	58	100
Percentage of Total Businesses:				91.4		6.6		2
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0	0	0	0	0	0	
Moderate-income	0	0	0	0	0	0	0	
Middle-income	101	43.7	97	43.1	4	80	0	
Upper-income	130	56.3	128	56.9	1	20	1	100
Total	231	100	225	100	5	100	1	100
Percentage of Total Farms:				97.4		2.2		0.4

The assessment area is primarily rural and many residents commute to Washington, D. C., and Fredericksburg, Virginia, for employment opportunities. Local industries providing employment include agriculture, municipal government, light manufacturing, tourism, and service industries. The following table provides unemployment rates as of December 2007 for the counties in the assessment area, as well as the rate for the commonwealth.

Locality	Unemployment Rate
Culpeper County	3.9%
Madison County	2.8%
Orange County	3.6%
Rappahannock County	2.8%
Virginia	3.2%

The bank operates six full-service branches within this market area. As of June 2007, SBT ranked second in deposit market share having 19.2% of the assessment area's available FDIC insured deposits (credit union deposits are not included). According to 2006 aggregate data, the institution ranked fifth in reported small business loans with a 2.7% market share and ranked tenth in reported mortgage lending with a 2.3% market share.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE CULPEPER ASSESSMENT AREA

LENDING TEST

The institution's overall lending performance within this assessment area is considered good. This conclusion is based on the evaluation of geographic and borrower distribution of lending while taking into account the bank's market strategy, area demographic data, and aggregate loan data.

Lending Activity:

When considering lending activity from calendar year 2007, the proportion of the dollar volume of lending within this assessment area (49%) is slightly larger than the proportion of deposits (35.2%) derived from this market and the branch offices located in this market (37.5%). This assessment area is the location of the bank's former headquarters, and the bank has maintained a strong branch presence in this assessment area since 1959, which may, in part, account for the larger proportional concentration of lending volume. Overall, the level of lending activity is considered good.

Geographic Distribution:

The following tables present data about the bank's 2006 reported small business and HMDA lending. As previously indicated, there are no low- or moderate-income census tracts within the assessment area. Because the bank's performance during 2007 is substantially similar to its performance during 2006, data from 2007 is not presented. The bank's geographic distribution of lending is considered good within this market area.

Distribution of HMDA Loans by Income Level of Geography

	Middle- Income	Upper- Income	Total
Total Number of Loans	123	112	235
Percentage of Total Loans	52.3%	47.7%	100%
Total Amount of Loans (000's)	\$16,261	\$19,174	\$35,435
Percentage of Total Amount	45.9%	54.1%	100%

A review of the 2006 aggregate lending revealed 33.2% of HMDA loans were extended in middle-income areas and that 38.5% of all owner-occupied housing units are located in these census tracts. Of the SBT's HMDA loans, 52.3% were extended to residents of middle-income census tracts. The bank's performance is considered good.

Distribution of Small Business Loans by Income Level of Geography

	Middle-Income	Upper-Income	Total
Total Number of Loans	48	42	90
Percentage of Total Loans	53.3%	46.7%	100%
Total Amount of Loans (000's)	\$4,785	\$6,591	\$11,376
Percentage of Total Amount	42.1%	57.9%	100%

Of the small business loans extended within the assessment area, 53.3% were in middle-income areas. D&B data indicate that 39.5% of area businesses are located in middle-income areas, while the 2006 aggregate data indicate that 38.3% of reported small business loans were originated in middle-income areas. The bank's performance is considered good.

Distribution by Borrower Income and Revenue Size of the Business:

The following tables present data about the bank's lending to borrowers of different income levels and businesses of different revenue sizes during 2006. Because the bank's performance during 2007 is substantially similar to its performance during 2006, data from 2007 is not presented.

Distribution of HMDA Loans by Income Level of Borrower

For calendar year 2006, the bank reported a total of 235 HMDA loans within the assessment area; however, 15 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	10	26	54	130	220
Percentage of Total Loans	4.6%	11.8%	24.5%	59.1%	100%
Total Amount of Loans (000's)	\$346	\$1,474	\$6,712	\$23,798	\$32,330
Percentage of Total Amount	1.1%	4.5%	20.8%	73.6%	100%

The bank's level of lending to low-income borrowers (4.6%) lags the proportion of area low-income families (12.5%) but exceeds the 2006 aggregate level of lending (1.3%). Similarly, the bank's lending to moderate-income borrowers (11.8%) lags the proportion of area moderate-income families (14%) but also exceeds the aggregate level of lending (6.8%). The bank's performance is considered excellent.

Distribution of Lending by Loan Amount and Size of Business

	\$0 - \$100,000		>\$100,000 to \$250,000		>\$250,000		Total	
Revenues ≤ \$1 Million	52	57.8%	15	16.7%	8	8.9%	75	83.4%
Revenues > \$1 Million	8	8.8%	2	2.2%	5	5.6%	15	16.6%
Total	60	66.7%	17	18.9%	13	14.4%	90	100%

According to 2006 D&B data, 91.4% of businesses within the assessment area have revenues of \$1 million or less. Aggregate small business data indicates that 34.7% of reported small business loans in 2006 were to businesses having revenues of \$1 million or less. The remaining portion of businesses either had revenues exceeding \$1 million or revenue data was not determined. Because the aggregate data includes a significant volume of activity by credit card lenders that typically extend loans in very small amounts, data for a peer group of the ten largest traditional bank reporters was also considered. According to the 2006 data, 71.8% of the selected peer group's reported small business loans were to businesses having revenues of \$1 million or less. Revenues were either unknown or in excess of \$1 million for the remaining portion of loans. During the evaluation period, 83.4% of the bank's loans were to businesses with revenues of \$1 million or less. This level of lending is considered good.

Community Development Lending:

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

INVESTMENT TEST

As previously noted, the bank currently holds qualified community development investments totaling \$750,000. These investments facilitate housing for low- and moderate-income residents of the commonwealth. When considering investment opportunities and market presence, SBT's level of qualified investments is adequate.

SERVICE TEST

Within the Culpeper assessment area, the bank's performance under the service test is considered good. Systems for delivering retail-banking services are accessible to all portions of the assessment area. Also, the bank and its employees have participated in a relatively high level community development services, given the size, location, and financial capacity of the institution.

Retail Services:

Delivery systems, branch locations, and hours of operation are considered accessible and convenient to all portions of the assessment area. Bank-by-phone and bank-by-computer services are provided to customers by the institution. As previously mentioned, the bank offers a low-cost checking product that can be beneficial to low- and moderate-income residents. Branch offices are generally open until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. Branch locations and business hours are considered convenient and meet the needs of the assessment area.

The institution operates six full service branch offices within this assessment area, of which three (50%) are located in middle-income areas, while 40.3% of area families reside in middle-income areas. No branch offices have been opened or closed within this assessment area since the previous CRA evaluation.

Community Development Services:

SBT and its employees participate in a relatively high level of community development service endeavors. These activities include but are not limited to the following:

- A bank officer serves on the board of directors and as treasurer of the Culpeper Renaissance, Incorporated (CRI). CRI, a member of the Virginia Main Street program, encourages small business development within Culpeper's downtown area.
- A bank employee serves on the board of directors of the Free Clinic of Culpeper. This medical care facility provides primary medical care at little or no cost to area low- and moderate-income families.
- A bank employee serves on the board of directors and as treasurer of the Orange County Business and Professional Women's Club. The organization provides tuition scholarships to lower income students.

METROPOLITAN AREAS

(For each metropolitan area where no assessment areas were reviewed using the examination procedures)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN METROPOLITAN AREAS OF VIRGINIA

SBT's assessment areas in the Fredericksburg, Charlottesville, and Caroline were reviewed using the limited review examination procedures. Information detailing the composition of the assessment areas is included in the **DESCRIPTION OF INSTITUTION** section of this report. Because the bank only recently extended its branch network into Henrico County, Virginia, the bank's performance within the Henrico assessment area was generally not evaluated.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN METROPOLITAN AREAS OF VIRGINIA

The following table indicates for each test whether performance in an assessment area was generally below, consistent with, or exceeded the overall performance of SBT. The bank's Lending Test performance within the Charlottesville assessment area is considered adequate overall, while the bank's performance is considered good overall. Facts and data reviewed, including performance and demographic information, can be found in **APPENDIX B** of this report. Conclusions regarding performance, which did not impact the overall rating, are as follows:

Assessment Area	Lending Test	Investment Test	Service Test
Fredericksburg	Consistent	Consistent	Consistent
Charlottesville	Below	Consistent	Consistent
Caroline	Consistent	Consistent	Consistent

CRA APPENDIX A
SCOPE OF EXAMINATION

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION		
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED
Culpeper	Full Scope	None
Fredericksburg, VA MSA	Limited Scope	None
Charlottesville, VA MSA	Limited Scope	1330 Parham Circle Charlottesville, VA
Caroline, VA MSA	Limited Scope	None

CRA APPENDIX B

LIMITED REVIEW TABLES

Fredericksburg Assessment Area

Summary of Demographic and Aggregate Data		
		% Low-Income
		% Moderate-Income
Families by Geography		1.7%
Families < Poverty Level as % of Families by Geography		15.5%
Owner-Occupied Housing Units by Geography		0.8%
Area Families by Income Level		18.7%
Aggregate HMDA Loans by Geography		1.1%
Aggregate HMDA Loans by Borrower Income		7.1%
Area Businesses by Geography		5.5%
Aggregate Small Business Loans by Geography		3.1%
Area Businesses with Revenues ≤ \$1 million	89.8%	
Aggregate Small Business Loans with Revenues < \$1 million	34.1%	

Performance Test Data for the Fredericksburg Assessment Area

LENDING TEST

The following chart reflects loan activity reported during 2007 within this assessment area.

Loan Originations/Purchases										
	In Low-Income Areas		In Moderate-Income Areas		To Low-Income Borrowers		To Moderate-Income Borrowers		To Businesses with Revenues < \$1 Million	
	#	%	#	%	#	%	#	%	#	%
HMDA	2	2.7%	13	17.8%	10	15.6%	11	17.2%		
Small Business	1	2.1%	8	16.7%					33	71.7%

INVESTMENT TEST

The bank's qualified investments are limited to those already mentioned at the institutional level.

SERVICE TEST

In addition to offering low-cost checking accounts, which may benefit area low- and moderate-income residents, bank employees have provided financial assistance and technical expertise to the following organizations:

- Rappahannock Refuge
- Salvation Army
- Fredericksburg Regional Alliance
- Rappahannock Big Brothers Big Sisters
- Moss Free Clinic

Charlottesville Assessment Area

Summary of Demographic and Aggregate Data		
	% Low-Income	% Moderate-Income
Families by Geography	2.6%	10.6%
Families < Poverty Level as % of Families by Geography	34.6%	14.4%
Owner-Occupied Housing Units by Geography	1.7%	7.4%
Area Families by Income Level	18.2%	16.3%
Aggregate HMDA Loans by Geography	2.5%	12.1%
Aggregate HMDA Loans by Borrower Income	6.8%	17.9%
Area Businesses by Geography	0.9%	10.2%
Aggregate Small Business Loans by Geography	0.7%	10.3%
Area Businesses with Revenues ≤ \$1 million	89.1%	
Aggregate Small Business Loans with Revenues < \$1 million	33.7%	

Performance Test Data for the Charlottesville Assessment Area

LENDING TEST

The following chart reflects loan activity reported during 2007 within this assessment area.

Loan Originations/Purchases										
	In Low-Income Areas		In Moderate-Income Areas		To Low-Income Borrowers		To Moderate-Income Borrowers		To Businesses with Revenues ≤ \$1 Million	
	#	%	#	%	#	%	#	%	#	%
HMDA	0	0%	3	9.4%	0	0%	2	7.1%		
Small Business	0	0%	2	9.5%					20	95.2%

A local economic development official was contacted to further assist in evaluating the bank's CRA performance. The individual indicated that area financial institutions appear to be meeting the credit needs of the community.

INVESTMENT TEST

The bank's qualified investments are limited to those already mentioned at the institutional level.

SERVICE TEST

The bank offers low-cost checking accounts, which may benefit low- and moderate-income residents.

Caroline Assessment Area

Summary of Demographic and Aggregate Data		
		% Low-Income
		% Moderate-Income
Families by Geography		N/A
Families < Poverty Level as % of Families by Geography		6.3%
Owner-Occupied Housing Units by Geography		38.1%
Area Families by Income Level		24.6%
Aggregate HMDA Loans by Geography		24.7%
Aggregate HMDA Loans by Borrower Income		7.2%
Area Businesses by Geography		40.4%
Aggregate Small Business Loans by Geography		44.3%
Area Businesses with Revenues ≤ \$1 million	90.8%	
Aggregate Small Business Loans with Revenues < \$1 million	40.7%	

Performance Test Data for the Caroline Assessment Area

LENDING TEST

The following chart reflects loan activity reported during 2007 within this assessment area. There are no low-income geographies in the assessment area.

Loan Originations/Purchases								
	In Moderate-Income Geographies		To Low-Income Borrowers		To Moderate-Income Borrowers		To Businesses with Revenues ≤ \$1 Million	
	#	%	#	%	#	%	#	%
HMDA	9	45%	4	21.1%	4	21.1%		
Small Business	3	75%					3	75%

INVESTMENT TEST

The bank's qualified investments are limited to those already mentioned at the institutional level.

SERVICE TEST

In addition to offering low-cost checking accounts, which may benefit area low- and moderate-income residents, bank employees have provided financial assistance and technical expertise to the following organizations:

- Rappahannock Refuge
- Rappahannock Big Brothers Big Sisters

APPENDIX C

BRANCH, DEPOSIT, AND LOAN VOLUME BY ASSESSMENT AREA

Loan volume data reflects the HMDA, small business, and small farm loans reported by the institution from January 1, 2006, through December 31, 2007. Deposit volume data was reported to the Federal Deposit Insurance Corporation and is current through June 2007.

Assessment Area Name	Branches #	Deposit Volume		Loan Volume **			
		(000's)	%	#	%	(000's)	%
Culpeper	6	\$194,034	35.2%	566	70%	\$88,213	62.1%
Fredericksburg*	4	\$307,555	55.7%	130	16.1%	\$27,464	19.3%
Charlottesville	3	\$15,788	2.9%	85	10.5%	\$21,682	15.3%
Caroline*	2	\$34,188	6.2%	24	3%	\$3,517	2.5%
Henrico*	1	\$0	0%	4	0.5%	\$1,120	0.8%
Total	16	\$551,565	100%	809	100%	\$141,996	100%

* New assessment areas since the previous examination (February 26, 2006).

** The bank did not have a market presence in the Fredericksburg, Caroline, or Henrico assessment areas during 2006. Consequently, the majority of the lending activity for those markets that is reflected in the table occurred during 2007 with only limited volume during 2006. Conversely, the bank was had a market presence and was actively making loans within the Culpeper and Charlottesville assessment areas during both calendar years 2006 and 2007.

Because the previous table tends to skew the volume of lending percentages, the following table includes all of the bank's reported HMDA, small business, and small farm loans originated during calendar year 2007. The deposit are branch data remains the same.

Assessment Area Name	Branches #	Deposit Volume		Loan Volume **			
		(000's)	%	#	%	(000's)	%
Culpeper	6	\$194,034	35.2%	238	54%	\$40,866	49%
Fredericksburg	4	\$307,555	55.7%	122	28%	\$25,704	31%
Charlottesville	3	\$15,788	2.9%	53	12%	\$11,574	14%
Caroline	2	\$34,188	6.2%	24	5%	\$3,517	4%
Henrico	1	\$0	0%	4	1%	\$1,120	1%
Total	16	\$551,565	100%	809	100%	\$82,781	100%

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 non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into "male householder" (a family with a male 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 nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in "loans to small farms" as defined in the instructions for preparation of the 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.