

PUBLIC DISCLOSURE
April 23, 2001
COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

F & M Bank-Central Virginia
926025
1425 Seminole Trail
Charlottesville, Virginia 22901

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

<p>Note: 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.</p>
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Definitions

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

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

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

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

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

Affordable housing for low- or moderate-income individuals;

Community services targeted to low- or moderate-income individuals;

Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or

Activities that revitalize or stabilize low- or moderate-income geographies.

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

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

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

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

Income Level includes:

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

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

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

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

Median Family Income - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

The following table indicates the performance level of F & M Bank-Central Virginia with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	<u>F & M Bank-Central Virginia</u>		
	PERFORMANCE TESTS		
	LENDING TEST *	INVESTMENT TEST	SERVICE TEST
Outstanding			
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve		X	
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The bank primarily serves its assessment area through lending and offers a variety of credit products. A substantial majority of the institution's loans were originated within the bank's five assessment areas. Furthermore, the geographic distribution of loans and lending to borrowers of varying incomes and to businesses of different sizes appears reasonable. The bank's participation in qualified community development investments has been limited to donations and is considered inadequate. Delivery systems and branch locations are considered readily accessible to all segments of the assessment areas. A wide range of products and services are also provided through various means to meet the needs of local residents. The bank has not received any complaints regarding its CRA performance.

DESCRIPTION OF INSTITUTION:

F & M Bank-Central Virginia is headquartered in the City of Charlottesville, Virginia, and operates 13 full service branches within the City of Charlottesville and Albemarle, Amherst, Nelson, Fluvanna, Greene, Louisa, Orange, and Pittsylvania Counties, Virginia. In addition, a drive-in only branch is also located in Pittsylvania County, Virginia. The institution is a subsidiary of F & M National Corporation, a multi-bank holding company located in Winchester, Virginia. The bank has delineated its market into the five assessment areas shown in the following chart.

ASSESSMENT AREA	CITY/COUNTY
Charlottesville MSA	City of Charlottesville Albemarle County Fluvanna County Greene County
Lynchburg MSA	Amherst County
Danville MSA	City of Danville Pittsylvania County
Nelson	Nelson County
Louisa/Orange	Louisa County Orange County

Since the bank has been in the Danville MSA and Louisa/ Orange assessment areas a relatively short period of time (August 2000) few loans have been extended in these communities. Therefore, a meaningful analysis of bank lending in these areas could not be conducted.

As of March 31, 2001, F & M Bank-Central Virginia had total assets of \$217 million, of which 22.0% were loans. The loan portfolio was comprised of 71.5% real estate (consumer and business), 16.0% consumer, 10.0% commercial, and 2.5% other. Since December 31, 1996, total loans have increased by 36.4%, deposits by 178.8%, and assets by 181.7%. The substantial increases in deposits and assets are the result of the acquisition of seven Wachovia Bank, National Association branches in August 2000. The purchase included all deposits and assets including buildings, equipment, furniture, and fixtures; loans were not acquired. Since the previous compliance examination, F & M Bank-Central Virginia has closed one branch. The bank's previous CRA rating was satisfactory.

On January 24, 2001, F & M National Corporation and BB&T Corporation announced that they had entered into a merger agreement. The merger, which is subject to approval of F & M stockholders and banking regulators, is expected to be completed in the third quarter of 2001.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Lending Activity

The institution primarily serves its market through lending and offers a variety of credit products. During a 15-quarter period ending December 31, 2000, the quarterly average loan-to-deposit ratio for all banks headquartered in metropolitan areas of Virginia and of similar asset size to F & M Bank-Central Virginia ranged from 71.5% to 79.2%. The bank's average loan-to-deposit ratio for a 16-quarter period ending March 31, 2001, is 51%. The bank's ratio is low due to the recent purchase of deposits without accompanying loans. Considering the effect of the purchased branches, this level of lending is adequate given the institution's size, locations, local economic conditions, and financial capacity.

As identified in the CRA public file, a full range of credit products is offered including consumer, small business, residential mortgage, and home equity loans. The following table illustrates the bank's lending volume for the specified time periods.

F&M Bank-Central Virginia Loan Originations and Purchases			
Loan Type	#	\$(000's)	Time Period
Small Business *	380	\$20,042	January 1998 through December 2000
Home Mortgage Disclosure Act (HMDA) *	312	\$7,638	January 1998 through December 2000
Motor Vehicle	292	\$2,683	March 2000 through February 2001
Other Consumer Secured	309	\$8,894	March 2000 through February 2001
Other Consumer Unsecured	818	\$4,501	March 2000 through February 2001

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

Assessment Area Concentration

The distribution, by number and dollar amounts, of the institution's small business and HMDA lending from January 1998 to December 2000 and a sample of consumer unsecured loans selected from the previous 12 months are represented in the following table. Small farm loans are not included due to the low number (2) of loans originated within the previous three years.

Comparison of Credit Extended Inside and Outside of Assessment Areas

	Small Business *		HMDA*		Consumer		Total	
	Inside	Outside	Inside	Outside	Inside	Outside	Inside	Outside
Number of Loans	366	14	282	30	78	6	726	50
Percentage of Loans	96.3%	3.7%	90.4%	9.6%	92.9%	7.1%	93.6%	6.4%
Amount of Loans (000's)	\$17,027	\$3,015	\$5,520	\$2,118	\$213	\$20	\$22,760	\$5,153
Percentage of Amount	85.0%	15.0%	72.3%	27.7%	91.4%	8.6%	81.5%	18.5%

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

As depicted above, a substantial majority of both the number (93.6%) and dollar amounts (81.5%) of the loans have been provided to assessment area residents. Overall, the percentage of loans made in the assessment area is considered highly responsive to community credit needs.

The analysis of small business, HMDA, and consumer loans is discussed in greater detail later in the report. Loan penetration among the various geographies within the assessment areas appears responsive to area credit needs, including low- and moderate-income geographies. The analysis also reveals a reasonable distribution of loans to individuals of varying incomes and to businesses of different sizes.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated needs to improve. Qualified community development investments include donations made to local charitable organizations whose operations primarily serve low- and moderate-income individuals or areas.

SERVICE TEST

The rating of the institution under the service test is high satisfactory. Delivery systems and branch locations are considered readily accessible, and the hours of operation are convenient to all portions of the assessment area. A branch closing policy has been adopted as required by the Federal Deposit Insurance Corporation Improvement Act of 1991.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

No credit practices inconsistent with the substantive provisions of the fair housing and fair lending laws and regulations were identified. Technical violations of the Home Mortgage Disclosure Act's (HMDA) Regulation C were noted. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE CHARLOTTESVILLE MSA:

The Charlottesville assessment area encompasses the City of Charlottesville and Albemarle, Fluvanna, and Greene Counties, Virginia, and is located within the Charlottesville MSA. According to 1990 census data, the assessment area has a population of 131,107 and a median housing value of \$93,305. The owner-occupancy rate for the area is 55.7%, which is lower than the Commonwealth rate of 60.8%. The 2000 median family income for the Charlottesville MSA is \$57,000. In the assessment area, 6.7% of families are considered below the poverty level while in the Commonwealth 7.7% of families are living below the poverty level.

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

	Low- Income	Moderate -Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	19.1%	18.1%	24.2%	38.6%	100%
Percentage of Population Residing in Census Tracts by Income Level of Tract	3.3%	19.1%	55.0%	22.6%	100%
Percentage of Owner-Occupied Housing Units by Income Level of Tract	0.9%	10.9%	60.6%	27.6%	100%
Number of Tracts by Income Level	12*	7	18	8	45
Percentage of Families Below Poverty Rate by Income Level of Tract	32.6%	14.7%	6.2%	2.0%	

* Ten of the 12 low-income tracts are unpopulated and mostly undeveloped.

A strong industrial base and economic structure characterize the local economy. Employment opportunities are diverse and include manufacturing, government, retail/wholesale trade, and service industries. Major employers in the Charlottesville area include the University of Virginia, State Farm Insurance, and Charlottesville City Schools. As of February 2001, unemployment rates for the Charlottesville MSA, City of Charlottesville, Albemarle, Fluvanna, and Greene Counties were 1.3%, 1.7%, 1.1%, 1.3%, and 1.2%, respectively. The jobless rate for the Commonwealth of Virginia was 2.4%.

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

Based on area demographics and the strength of the local economy, no significant negative factors affecting local demand for credit are apparent.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE CHARLOTTESVILLE MSA:

LENDING TEST

Geographic Distribution of Loans

The geographic distribution of loans is reflected in the following tables. The tables include small business and HMDA loan data from January 1998 to December 2000, as well as a sample of recent unsecured consumer loans. Area demographics, Dunn & Bradstreet (D&B) business data, and 1999 market aggregate data are used as proxies for demand when evaluating the bank's penetration into geographies of different income levels (2000 aggregate information is not yet available). The aggregate data includes F & M Bank-Central Virginia and all reporting institutions that originated small business and HMDA loans within the bank's assessment area in 1999.

Distribution of Small Business Loans by Income Level of Census Tract

In one instance, the census tract was not reported and could not be included in the following table.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	4	37	103	42	186
Percentage of Total Loans	2.1%	19.9%	55.4%	22.6%	100%
Total Amount of Loans (000's)	\$53	\$1,325	\$6,264	\$4,759	\$12,401
Percentage of Total Amount	0.4%	10.7%	50.5%	38.4%	100%

The bank's small business loan penetration rate of 2.1% in low-income census tracts is close to the 1999 small business aggregate penetration rate of 2.5%, while the loan penetration rate of 19.9% in moderate-income census tracts exceeds the market aggregate rate of 15.8%.

Distribution of HMDA Loans by Income Level of Census Tract

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	2	15	66	26	109
Percentage of Total Loans	1.8%	13.8%	60.6%	23.8	100%
Total Amount of Loans (000's)	\$116	\$545	\$1,588	\$1,056	\$3,305
Percentage of Total Amount	3.5%	16.5%	48.1%	31.9%	100%

The bank's level of HMDA lending in both low- (1.8%) and moderate-income (13.8%) census tracts exceeds the market aggregate in such areas (.6% and 8.2%, respectively).

Distribution of Consumer Loans by Income Level of Census Tract

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Consumer Loans	0	2	23	5	30
Percentage of Total Loans	.0%	6.7%	76.7%	16.6%	100%
Total Amount of Loans (000's)	\$0	\$7	\$73	\$11	\$91
Percentage of Total Amount	.0%	6.7%	81.1%	12.2%	100%

As depicted above, no consumer loans were provided to residents of low-income geographies. However, demographic data reveals only 3.3% of the market population reside in the two populated low-income census tracts and 32.6% of the families living in such tracts are living below the poverty level. The bank's level of lending within moderate-income census tracts (6.7%) is also lower

than the percentage of the population living in these tracts (19.1%). Though a somewhat high concentration of impoverished residents (14.7%) most likely reduces the effective demand for credit in these areas, this level of consumer lending is considered low.

Borrower Profile

The following charts illustrate the distribution of small business, HMDA, and unsecured consumer loans extended in the Charlottesville assessment area by the income level of the borrower and to businesses of different sizes. Area demographics and market aggregate information are used as proxies when evaluating the bank’s lending to borrowers of different income levels. In addition, D&B business data for 1999 is used as a proxy to evaluate the bank’s small business lending.

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	151	80.7%	19	10.2%	6	3.2%	176	94.1%
Number Total Revenues ≥ \$1 Million	5	2.7%	2	1.1%	4	2.1%	11	5.9%
Totals	156	83.4%	21	11.3%	10	5.3%	187	100%

As illustrated in the preceding table, 94.1% of the small business loans were provided to businesses with revenues of less than \$1 million. D&B business data reveals that 88.5% of businesses within the assessment area have revenues of less than \$1 million. When compared with these statistics, the bank’s level of small business lending is favorable.

Distribution of HMDA Loans by Income Level of Borrower

There were six loan originations where the income of the borrower was not reported and therefore are not included in the following chart.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of HMDA Loans	44	23	16	20	103
Percentage of Total Loans	42.8%	22.3%	15.5%	19.4%	100%
Total Amount of HMDA Loans (000's)	\$615	\$405	\$468	\$1,439	\$2,927
Percentage of Total Amount	21.0%	13.8%	16.0%	49.2%	100%

For loans where income was reported, the percentage of HMDA loans to low- and moderate-income borrowers (42.8% and 22.3%, respectively) exceeds the percentage of such families (19.1% low- and 18.1% moderate-income) within the Charlottesville MSA. The bank's level of lending also exceeds that of 1999 market aggregate data in which 9.6% and 20% of reportable loans were provided to low- and moderate-income individuals within the area, respectively.

Distribution of Consumer Loans by Income Level of Borrower

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Consumer Loans	17	7	5	1	30
Percentage of Total Loans	56.7%	23.3%	16.7%	3.3%	100%
Total Amount of Loans (000's)	\$45	\$27	\$17	\$2	\$91
Percentage of Total Amount	49.5%	29.7%	18.7%	2.1%	100%

As illustrate above, the bank's consumer lending to low- and moderate-income borrowers (80%) is considerably higher than the

proportion of low- and moderate-income families (19.1% and 18.1%, respectively) in the assessment area.

Community Development Loans

No qualified community development loans have been originated in this assessment since the previous examination. F & M Bank-Central Virginia has extended loans that facilitate small business development in low- and moderate-income geographies, as well as loans that benefit low- and moderate-income people. These extensions of credit, however, were subject to reporting as small business or HMDA loans and cannot also be reported as community development loans.

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

INVESTMENT TEST

As previously indicated, the bank does not have any qualified investments beyond certain grants and donations.

SERVICE TEST

Accessibility of Delivery Systems

Delivery systems are accessible to all portions of the assessment area. Automated teller machines (ATMs) are available to local residents and provide 24-hour nationwide network access. The bank operates a web-site, which provides general information about the institution and its products, services, and branch locations. Telephone banking services are also available and provide customers with 24-hour accessibility.

Branch Locations and Hours of Operation

Branch locations and business hours are considered convenient and meet the needs of the assessment area. Seven of the bank's 13 full service branch offices are located in the assessment area. One branch (14.3%) is located in a moderate-income tract, five (71.4%) in middle-income tracts, and one (14.3%) in an upper-income tract. Branch offices are generally open Monday through Friday 9:00 a.m. until 6:00 p.m. with three area branches offering Saturday hours from 9:00 a.m. to 12:00 p.m. Most offices also have drive-in and walk-up teller service available when the lobbies are closed.

Community Development Services

A branch manager serves as a board member for the Fluvanna Housing Foundation. This foundation is a nonprofit organization created to foster and promote community development that benefits primarily low- and moderate-income residents of Fluvanna County. Specific assistance includes installation of plumbing in substandard housing and first time homebuyer support.

The bank's systems for delivering retail-banking services appear effective and available to all portions of the assessment area, including low- and moderate-income census tracts.

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

DESCRIPTION OF INSTITUTION'S OPERATIONS WITHIN THE LYNCHBURG MSA:

The institution's second metropolitan assessment area includes all of Amherst, County, Virginia and is located within the Lynchburg MSA. According to 1990 census data, the assessment area has a population of 28,578 and a median housing value of \$54,821. The owner-occupancy rate for the area is 72.9%, which is higher than the MSA rate of 66.6% and the state rate of 60.8%. The 2000 median family income for the Lynchburg MSA is \$46,300. In the assessment area, 7.5% of families are considered below the poverty level while 8.8% and 7.7% of the families in the MSA and the state are living below the poverty level, respectively.

The following table provides assessment area demographics by the income level of families, the percentage of population living in census tracts of varying income levels, the percentage of owner-occupied housing units by income level, and families below the poverty level.

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Percentage of Area Families by Income Level	18.5%	17.9%	27.7%	39.9%	100%
Percentage of Population Residing in Census Tracts	N/A	6.4%	93.6%	N/A	100%

by Income Level of Tract					
Percentage of Owner-Occupied Housing Units by Income Level of Tract	N/A	1.6%	98.4%	N/A	100%
Number of Tracts by Income Level	1*	1	6	0	8
Percentage of Families Below Poverty Rate by Income Level of Tract	N/A	14.1%	7.4%	N/A	

* The low-income tract is unpopulated and undeveloped.

Located in the southwestern portion of the Commonwealth, the local community is predominantly rural. The area is mainly dependent upon manufacturing for employment. Major employers in Amherst County include Glad Manufacturing, Lynchburg Steel & Specialty Company, and Wal-Mart. As of February 2001, unemployment rates for the Lynchburg MSA and Amherst County were 2.8% and 2.5%, respectively. The unemployment rate for the Commonwealth of Virginia was 2.4%.

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

Based on area demographics and the strength of the local economy, no significant negative factors affecting local demand for credit are apparent.

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

LENDING TEST

Geographic Distribution of Loans

The geographic distribution of loans is reflected in the following tables. The tables include small business and HMDA loan data from January 1998 to December 2000. A sample of unsecured consumer loans from the previous 12 months revealed only three loans extended within this assessment area. No geographic distribution analysis was conducted for these loans. Area

demographics, D&B business data, and 1999 market aggregate data (2000 data is not yet available) are used as proxies for demand when evaluating the bank's penetration into geographies of different income levels. The aggregate data includes F & M Bank-Central Virginia and all reporting institutions that originated small business and HMDA loans within the bank's assessment area in 1999. As previously noted, there are no low- or upper-income census tracts in this assessment area.

Distribution of Small Business Loans By Income Level of Census Tract

	Moderate -Income	Middle- Income	Total
Total Number of Loans	0	38	38
Percentage of Total Loans	0%	100%	100%
Total Amount of Loans (000's)	\$0	952	952
Percentage of Total Amount	0%	100%	100%

None of the small business loans reviewed were extended within the bank's one moderate-income census tract. While the market aggregate penetration rate in this area is 3.2%, D&B reports reveal that only .4% of the assessment area's businesses are located in the moderate-income census tract. Though the bank's penetration is low, there appears to be limited opportunities to extend credit within this area.

Distribution of HMDA Loans by Income Level of Census Tract

	Moderate -Income	Middle- Income	Total
Total Number of Loans	0	17	17
Percentage of Total Loans	0%	100%	100%
Total Amount of Loans (000's)	\$0	149	149
Percentage of Total Amount	0%	100%	100%

The bank extended no HMDA loans within the one moderate-income census tract in this market. Comparatively, market aggregate data shows that only .8% of HMDA reportable loans were made to residents living in the moderate-income tract. The percentage of owner-occupied housing units in the area is also low (1.6%). These factors suggest a very low level of demand for HMDA loans

within the area. It should also be noted that the minimal number of HMDA loans within this market limits the usefulness of the analysis, and that the addition or deletion of one loan in any category would substantially change the percentage of loans in other categories.

Borrower Profile

The following charts illustrate the distribution of small business and HMDA loans extended in the Lynchburg assessment area by the income level of the borrower and to businesses of different sizes. As previously mentioned, only three sampled unsecured consumer loans were extended in this market. No further analysis was conducted on these loans. Area demographics and market aggregate information are used as proxies when evaluating the bank’s lending to borrowers of different income levels. In addition, D&B business information for 1999 is used as a proxy to evaluate the bank’s small business lending.

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	35	92.1%	3	7.9%	0	0%	38	100%
Number Total Revenues ≥ \$1 Million	0	0%	0	0%	0	0%	0	0%
Totals	35	92.1%	3	7.9%	0	0%	38	100%

As shown in the preceding table, 100% of the small business loans were provided to businesses with revenues of less than \$1 million. D&B business data shows that 90.9% of businesses within the assessment area have revenues less than \$1 million. The bank’s level of lending is considered highly responsive in meeting the credit needs of small businesses in the area.

Distribution of HMDA Loans by Income Level of Borrower

The income for one HMDA loan origination was not reported and is not included in the following chart.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of HMDA Loans	7	1	5	3	16
Percentage of Total Loans	43.7%	6.3%	31.3%	18.7%	100%
Total Amount of HMDA Loans (000's)	\$56	\$3	\$65	\$22	\$146
Percentage of Total Amount	38.4%	2.0%	44.5%	15.1%	100%

For loans where income was reported, the bank greatly exceeds (43.7%) the market aggregate data (9.9%) to low-income individuals and the percentage of low-income families (18.5%). The bank's lending to moderate-income individuals (6.3%) is significantly lower than both the market aggregate (17.8%) and the percentage of moderate-income families (17.9%). It should be noted that the minimal number of HMDA loans within this market limits the usefulness of the analysis, and that the addition or deletion of one loan to a low- or moderate-income borrower would substantially change the percentage of loans to low- or moderate-income borrowers.

Community Development Loans

No qualified community development loans have been originated in this assessment area.

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

INVESTMENT TEST

As previously mentioned, the bank does not have any qualified investments beyond certain grants and donations.

SERVICE TEST

Accessibility of Delivery Systems

Delivery systems are accessible to all portions of the assessment area. ATMs are available to local residents and provide 24-hour nationwide network access. The bank operates a web site, which is relatively simple, and provides general information about the institution and its products, services, and branch locations. Telephone banking services are also available and provide customers with 24-hour accessibility.

Branch Locations and Hours of Operation

Only one of the bank's 13 full service branches is located within the Lynchburg assessment area, and this branch is located within a middle-income census tract. The office is open Monday through Friday 9:00 a.m. until 2:00 p.m. with additional hours on Friday from 3:00 p.m. until 6:00 p.m. The branch has drive-in hours Monday through Friday from 9:00 a.m. until 5:30 p.m.

Community Development Services

The bank's systems for delivering retail-banking services appear effective and are available to all portions of the assessment area, including low- and moderate-income census tracts.

METROPOLITAN ASSESSMENT AREAS

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN DANVILLE MSA:

The institution's third metropolitan assessment area encompasses the City of Danville and Pittsylvania County, Virginia and is located within the Danville MSA. According to 1990 census data, the assessment area has a population of 108,711 and a median housing value of \$47,950. The owner-occupancy rate for the area is 63.5%, which is slightly higher than the 60.8% rate for the state. The 2000 median family income for the Danville MSA is \$40,300. In the assessment area, 12.2% of families are considered below the poverty level while in the state, 7.7% of families are living below the poverty level.

The following table provides assessment area demographics by the income level of families, the percentage of population living in

census tracts of varying income levels, the percentage of owner-occupied housing units by income level, and families below the poverty level.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	21.8%	17.2%	21.7%	39.3%	100%
Percentage of Population Residing in Census Tracts by Income Level of Tract	1.1%	25.3%	60.1%	13.5%	100%
Percentage of Owner-Occupied Housing Units by Income Level of Tract	0.2%	20.6%	64.5%	14.7%	100%
Number of Tracts by Income Level	11*	7	18	3	39
Percentage of Families Below Poverty Rate by Income Level of Tract	16.0%	22.6%	9.6%	5.5%	

* Nine of the 11 low-income tracts are unpopulated and undeveloped.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN DANVILLE MSA:

LENDING TEST

As previously stated, this assessment area is new to the bank and therefore offers limited lending volume to provide a meaningful analysis.

INVESTMENT TEST

As previously mentioned, the bank does not have any qualified investments beyond certain grants and donations.

SERVICE TEST

Accessibility of Delivery Systems

Delivery systems are accessible to all portions of the assessment area. ATMs are available to local residents and provide 24-hour nationwide network access. The bank operates a web site, which is relatively simple, and provides general information about the institution and its products, services, and branch locations. Telephone banking services are also available and provide customers with 24-hour accessibility.

Branch Locations and Hours of Operation

One of the bank's 13 full service branches and a drive-in only branch are located within this assessment area. Both are located within middle-income areas. The offices are open Monday through Friday 9:00 a.m. until 5:00 p.m. with additional hours on Friday until 6:00 p.m.

Community Development Services

The bank's systems for delivering retail-banking services appear effective and are available to all portions of the assessment area.

NONMETROPOLITAN STATEWIDE AREAS

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NELSON COUNTY:

The institution's first nonmetropolitan assessment area consists of Nelson County, Virginia. The area contains two middle- and one upper-income block numbering areas (BNAs). According to 1990 census data, the assessment area has a population of 12,778 and a median housing value of \$56,336. The owner-occupancy rate for the area is 53.8% and is lower than both the state level of 60.8% and the 65.1% rate for nonmetropolitan areas of Virginia. The 2000 median family income for nonmetropolitan areas of Virginia is \$39,800. In the assessment area, 12.8% of families are considered below the poverty level. This is slightly higher than the 11.5% of families in nonmetropolitan areas within the state living below the poverty level.

The following table provides assessment area demographics by the income level of families, the percentage of population living in

BNAs of varying income levels, the percentage of owner-occupied housing units by income level, and families below the poverty level.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	20.7%	19.5%	20.2%	39.6%	100%
Percentage of Population Residing in Areas by Income Level of BNA	N/A	N/A	70.9%	29.1%	100%
Percentage of Owner-Occupied Housing Units by Income Level of BNA	N/A	N/A	70.4%	29.6%	100%
Number of BNAs by Income Level	0	0	2	1	3
Percentage of Families Below Poverty Rate by Income Level of BNA	N/A	N/A	14.0%	9.9%	

Located in the central portion of the Commonwealth, the local community is predominantly rural. Major employers in Nelson County are Wintergreen Resort (a four-season family resort and conference center), Central Virginia Electric Cooperative, and Food Lion (retail grocery stores). As of February 2001, the unemployment rate for Nelson County was 3.2%. The unemployment rate for the Commonwealth of Virginia was 2.4%.

Based on area demographics and the strength of the local economy, no significant negative factors affecting local demand for credit are apparent.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NELSON COUNTY:

LENDING TEST

Geographic Distribution of Loans

As previously noted, this assessment area is comprised entirely of middle- and upper-income BNAs. Accordingly, 100% of the number and dollar amount of loans within the market area were extended within these geographies. Therefore, the distribution of lending by income level of geographies was not considered in evaluating the institution's CRA performance.

Borrower Profile

The following charts illustrate the distribution of small business, unsecured consumer, and HMDA loans extended in the Nelson County assessment area by the income level of the borrower and to businesses of different sizes. Area demographics and market aggregate information are used as proxies when evaluating the bank's lending to borrowers of different income levels. In addition, D&B business information for 1999 is used as a proxy to evaluate the bank's small business lending.

Distribution of Lending by Loan Amount and Size of Business or Farm

	\$0 - \$100,000		>\$100,000 to \$250,000		> \$250,000		Total	
Number Total Revenues < \$1 Million	128	94.8%	5	3.8%	0	0%	133	98.6%
Number Total Revenues ≥ \$1 Million	1	.7%	1	.7%	0	0%	2	1.5%
Totals	129	95.5%	6	4.5%	0	0%	135	100%

The table above illustrates that 98.6% of small business loans were provided to businesses with revenues less than \$1 million. The bank's lending exceeds the percentage of businesses within the assessment area with revenues less than \$1 million (92.5%) as indicated by D&B business data.

Distribution of HMDA Loans by Income Level of Borrower

There were two loan originations where the income of the borrower was not reported and therefore are not included in the following chart.

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of HMDA Loans	18	37	23	21	99
Percentage of Total Loans	18.2%	37.4%	23.2%	21.2%	100%
Total Amount of HMDA Loans (000's)	\$102	\$316	\$371	\$493	\$1,282
Percentage of Total Amount	7.9%	24.7%	28.9%	38.5%	100%

For loans where income was reported, the percentage of HMDA loans to low-income borrowers (18.2%) is close to the percentage of such families (20.7%) and exceeds the market aggregate lending level of 4.8%. The bank's lending to moderate-income borrowers also exceeds both the percentage of moderate-income families (19.5%) and the market aggregate lending (10.1%) rate in the assessment area.

Distribution of Consumer Loans by Income Level of Borrower

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Consumer Loans	16	11	6	4	37
Percentage of Total Loans	43.3%	29.7%	16.2%	10.8%	100%
Total Amount of Consumer Loans (000's)	\$30	\$28	\$16	\$14	\$88
Percentage of Total Amount	34.1%	31.8%	18.2%	15.9%	100%

For loans where income was reported, the total volume of consumer loans to low- and moderate-income borrowers (73%) is considerably higher than the proportion of low- and moderate-income families (20.7% and 19.5%, respectively) in the assessment area.

Community Development Loans

No qualified community development loans have been originated in this assessment area.

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

INVESTMENT TEST

As previously mentioned, the bank does not have any qualified investments beyond certain grants and donations.

SERVICE TEST

Accessibility of Delivery Systems

Delivery systems are accessible to all portions of the assessment area. ATMs are available to local residents and provide 24-hour nationwide network access. The bank operates a web site, which is relatively simple, and provides general information about the institution and its products, services, and branch locations. Telephone banking services are also available and provide customers with 24-hour accessibility.

Branch Locations and Hours of Operation

Two of the bank's 13 full service branches are located within the Nelson County assessment area, and are located in a middle- and upper-income geography, respectively. The office is open Monday through Friday 9:00 a.m. until 2:00 p.m. with additional hours on Friday from 3:00 p.m. until 6:00 p.m. The branch has drive-in hours Monday through Friday from 9:00 a.m. until 5:30 p.m., and it is open on Saturdays from 9:00 a.m. until 12:00 p.m.

Community Development Services

The bank's systems for delivering retail-banking services appear effective and available to all portions of the assessment area, including low- and moderate-income geographies.

NONMETROPOLITAN STATEWIDE AREAS

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN LOUISA AND ORANGE COUNTIES:

The institution's second nonmetropolitan assessment area consists of Louisa and Orange Counties, Virginia. According to 1990 census data, the assessment area has a population of 41,746 and a median housing value of \$69,515. The owner-occupancy rate for the area is 66.1%, which is higher than the state level of 60.8% and the 65.1% rate for nonmetropolitan areas of Virginia. The 2000 median family income for nonmetropolitan areas of Virginia is \$39,800. In the assessment area, 6.9% of families are considered below the poverty level. This level is considerably less than the nonmetropolitan rate of 11.5%.

The following table provides assessment area demographics by the income level of families, the percentage of population living in BNAs of varying income levels, the percentage of owner-occupied housing unit by income level, and families below the poverty level.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	14.0%	15.8%	21.6%	48.6%	100%
Percentage of Population Residing in BNAs by Income Level of BNAs	N/A	N/A	73.4%	26.6%	100%
Percentage of Owner-Occupied Housing Units by Income Level of BNA	N/A	N/A	71.2%	28.8%	100%
Number of BNAs by Income Level	0	0	7	1	8
Percentage of Families Below Poverty Rate by Income Level of BNA	N/A	N/A	7.5%	5.3%	

Major employers in Louisa County are Dominion Virginia Power, Klearfold Inc. (a plastic packaging company), and Tradewinds of Virginia (wood products production). Within Orange County, Liberty Fabrics, Inc. (textiles), American Woodmark Corporation (kitchen cabinets), and American Press, Inc (commercial printing) are major employers. As of February 2001, unemployment rates for Louisa and Oranges Counties were 2.9% and 2.2% respectively. The unemployment rate for the Commonwealth of Virginia was 2.4%.

Based on area demographics, no significant negative factors affecting local demand for credit are apparent.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN LOUISA AND ORANGE COUNTIES:

LENDING TEST

Geographic Distribution of Loans

As noted above, this assessment area is comprised entirely of middle- and upper-income BNAs. Accordingly, 100% of the number

and dollar amount of loans within the market area were extended within these geographies. Therefore, the distribution of lending by income level of geographies was not considered in evaluating the institution's CRA performance.

Borrower Profile

As previously stated, this assessment area is new for the bank. The minimal number of loans originated in this market limits the usefulness of any analysis.

INVESTMENT TEST

The bank does not have any qualified investments beyond certain grants and donations.

SERVICE TEST

Accessibility of Delivery Systems

Delivery systems are accessible to all portions of the assessment area. ATMs are available to local residents and provide 24-hour nationwide network access. The bank operates a web site, which is relatively simple, and provides general information about the institution and its products, services, and branch locations. Telephone banking services are also available and provide customers with 24-hour accessibility.

Branch Locations and Hours of Operation

Only two of the bank's 13 full service branches are located within the assessment area, and both are located within middle-income areas. The offices and drive-ins are open Monday through Friday 9:00 a.m. until 5:00 p.m. with an additional hour on Friday until 6:00 p.m.

Community Development Services

The bank's systems for delivering retail-banking services appear effective and are available to all portions of the assessment area.