



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

**September 18, 2002**

### **Community Reinvestment Act Performance Evaluation**

**The National Bank Of Fredericksburg  
Charter Number: 1582**

**2403 Fall Hill Avenue  
Fredericksburg, VA 22401**

**Office of the Comptroller of the Currency**

**Maryland National Capital Area Field Office  
250 E Street, SW, Independence Square  
Washington, DC 20219**

**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, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

The following table indicates the performance level of **The National Bank Of Fredericksburg** with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Name of Depository Institution) 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 when arriving at an overall rating.

The major factors that support this rating include:

- A majority of home mortgage loans, small business loans and consumer loans were originated within the assessment area. Overall, 86% of the number and dollar volume of loans were within the assessment area;
- An excellent geographical distribution of home mortgage loans;
- A good geographical distribution of small business loans and consumer loans;
- Good distribution of home mortgage loans and excellent distribution of consumer loans to low- and moderate-income borrowers;
- A good level of community development lending positively impacted the lending test evaluation;
- An innovative teacher loan program that offers flexible terms also positively impacted the lending test evaluation;
- An adequate level of qualified community development investments;
- The service delivery systems are accessible to geographies and individuals of different income levels in the assessment area; and
- A good record of providing community development services in the assessment area.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**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 MA/assessment area.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census Tract (CT):** 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 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.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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 household 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 (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

**Home Mortgage Loans:** such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing 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 (e.g., 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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. 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 Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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 Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**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.

## Description of Institution

The National Bank of Fredericksburg (NBF) is a subsidiary of Mercantile Bankshares Corporation (Mercantile), a 21-bank holding company headquartered in Baltimore, Maryland. In addition to the banks, Mercantile provides mortgage banking services primarily through its affiliate Mercantile Mortgage Corporation, a subsidiary of Mercantile-Safe Deposit and Trust Company. Mercantile had total assets of \$9.9 billion as of December 31, 2001. The Mercantile banks are all locally managed and are headquartered in Maryland, Delaware and Virginia.

NBF, headquartered in Fredericksburg, Virginia, is an intrastate community bank with 8 full service branches and 8 ATM machines serving the city of Fredericksburg, Spotsylvania county and Stafford county. The assessment area, a suburban segment of the Washington, DC metropolitan area, is among the fastest growing areas in the state of Virginia. NBF's assessment area contains no low-income or upper-income geographies. The assessment area has a total of 29 geographies of which 9 are moderate-income and 12 are middle-income geographies. The remaining 8 geographies are designated not applicable and are not populated. A wide array of loan and deposit products, along with trust, investment and cash management services, are offered to bank customers.

NBF has one subsidiary, Labrador Holdings, Inc. The subsidiary was established to hold commercial real estate obtained by the bank in satisfaction of problem loans. There has been no recent activity at the subsidiary. The company is maintained for future activity.

As of June 30, 2002, NBF's assets totaled \$313 million of which \$194 million or 62% were net loans and \$97 million or 31% were investments. Deposits totaled \$265 million. Tier 1 capital was \$32 million. The loan portfolio is comprised primarily of commercial and commercial real estate loans (49%) and residential real estate loans (34%). Construction loans represent 7% of the loan portfolio, and consumer loans are 6%. The remaining portion of the loan portfolio consists of credit cards, farm, multi-family residential real estate and other loans.

NBF provides commercial and consumer loans within its assessment area. The primary business focus is lending to non-residential developers, residential real estate developers and medical professionals. Residential mortgages are limited to adjustable rate mortgages, with rate adjustments every three or five years and maturities of 15 or 30 years. For a wider range of mortgage products, NBF refers customers to Mercantile Mortgage Corporation.

The most recent CRA evaluation was performed August 30, 1999, when the bank received a "Satisfactory" rating.

There are no limitations imposed by size, financial condition, statutory, regulatory, economic, or other constraints on the bank's ability, to respond to safe and sound opportunities for lending, investing, or providing services within the assessment area.

# Scope of the Evaluation

## Evaluation Period/Products Evaluated

The evaluation period for home mortgage, small business, and consumer loans is January 1, 1999 to June 30, 2002. The evaluation period for community development (CD) loans, investments, and services cover activity from August 30, 1999, which is the date of the last CRA examination, to September 30, 2002.

NBF's origination of home mortgage loans (including home purchase, home improvement and home refinance loans), small loans to businesses, and CD loans were evaluated for the lending test. Although not required by the CRA regulation, management opted to have consumer loans (home equity, motor vehicles, other secured and other unsecured loans) evaluated as well, as these loans represent a substantial portion of the bank's lending activity. Multi-family loans and small loans to farms represented less than 1% of all lending activity and were excluded from the evaluation as a meaningful analysis could not be performed.

The peer comparisons in this Evaluation include only lenders who were required to file HMDA and Small Business Reports for 2000, the most recent year for which aggregate data is available. Small business reporting is required of bank and thrift institutions with assets of \$250 million or more as of December 31 of the prior two calendar years preceding the reporting year, or any affiliate of a holding company with \$1 billion or more in assets during the same time periods.

## Data Integrity

For the CRA evaluation, NBF's publicly filed information on home mortgage loans and small loans to businesses was reviewed for data integrity. The review included a limited sample of home purchase, home improvement, home refinance and small loans to businesses extended in 2001 and 2002. Consumer loan data was also tested for accuracy. The test included an evaluation of NBF's processes to ensure that data is reliable.

We found no material errors in the loan data.

CD loans, investments, and services were verified to ensure that they met the regulatory definition of CD. All items submitted by NBF for consideration were included in the evaluation of whether they met the definition and purpose of CD.

## Selection of Areas for Full-Scope Review

NBF has one assessment area, which is part of the Washington, DC-MD- VA- WV metropolitan statistical area (8840). It encompasses the city of Fredericksburg, Spotsylvania and Stafford counties in Virginia, and was evaluated as a full scope review.



## **Ratings**

The bank's overall rating is based primarily on those areas that received full-scope reviews. Based on the number and dollar amount of activity during the evaluation period, the greatest emphasis in the ratings process was placed on small business and consumer loans.

## **Other**

We made one community contact with a local affordable housing organization that targets the housing needs of low- and moderate-income citizens. The contact identified the need for more affordable housing that meets the special challenges of persons with disabilities, seniors and persons transitioning from homelessness.

## **Fair Lending Review**

An analysis of the most recent public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed during the previous CRA evaluation.

### **Conclusions with Respect to Performance Tests**

#### **LENDING TEST**

##### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the lending test is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Washington, DC-MD-VA-WV (8840) is good.

##### **Lending Activity**

Refer to Tables 1, 2, 3 and 4 in appendix C for the facts and data used to evaluate the bank's lending activity.

During the evaluation period, consumer loans represented 72% of the total number of loans made. Home mortgages were 15% and small loans to businesses were 13% of total loans. While small loans to businesses represented 13% of the total number of loans, these loans represented 53% of the total dollar volume of all loans. Small loans to farms were less than 1% of total loans. Agriculture lending is not a primary business line of NBF nor is farming a major industry within the assessment area.

Of the home mortgage loans, 14% were home purchase, 60% were home improvement and 26% were home refinance. Based on the limited number of multi-family loans, we were unable to perform a meaningful analysis on that loan type.

As of June 30, 2001, NBF ranked 2<sup>nd</sup> with 14% of deposit market share within the bank's assessment area. In the city of Fredericksburg where the bank is headquartered, NBF ranked 2<sup>nd</sup> with 23% of deposit market share. In Spotsylvania county, the bank had 4% market share and 3% in Stafford county, ranking 10<sup>th</sup> in both counties among area competitors.

Based on 2000 HMDA peer data, NBF ranked 3<sup>rd</sup> among area competitors with 8% of market share for home improvement loans originated/purchased within the assessment area. The institutions with greater market share were a credit union and a finance company. The market share for home refinance loans originated/purchased was 2%, positioning the bank in 8<sup>th</sup> place

among competitors within the assessment area. The institutions with greater market share included various types of financial institutions. NBF's market share of home purchase loans within the assessment area was negligible at less than 1%.

Year 2000 small business peer data showed NBF ranked 7<sup>th</sup> with 4% of the small business loan market share within the assessment area. Institutions with higher rankings were nationwide and super regional commercial banks, credit card banks and finance companies.

Peer data is not available for consumer loans. The dollar volume of all consumer loans originated during the evaluation period comprised a substantial 117% of Tier 1 Capital, which is indicative of the high level of consumer lending.

Competition for all loan products is extremely strong within the bank's assessment area. These include large and small community banks headquartered in Virginia, super regional banks, mortgage and finance companies, credit unions and nationwide financial institutions.

### **Distribution of Loans by Income Level of the Geography**

NBF's overall distribution of lending reflects a good penetration among geographies throughout the assessment area. As previously mentioned, no lower- or upper-income geographies are within the assessment area. The distribution of each product is described below.

#### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home purchase loans is excellent. The proportion of loans in the moderate-income geographies substantially exceeded the percentage of owner-occupied units. Year 2000 market share data indicated that the market share in the moderate-income geographies mirrored the overall market share.

The geographic distribution of home improvement loans is excellent. The proportion of loans in the moderate-income geographies substantially exceeded the percentage of owner-occupied units. NBF's market share in the moderate-income geographies exceeded their overall market share.

The geographic distribution of home refinance loans is good. The proportion of loans in the moderate-income geographies exceeded the percentage of owner-occupied units. The market share in the moderate-income geographies was slightly below the overall market share.

#### ***Small Loans to Businesses***

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is good. The proportion of loans in the moderate-income geographies slightly exceeded the percentage of businesses within the

geographies. NBF's market share in the moderate-income geographies slightly exceeded the overall market share.

### ***Small Loans to Farms***

Table 7 was deleted as an analysis of small loans to farms was not considered meaningful.

### ***Consumer Loans***

Refer to Table 13 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

The geographic distribution of consumer loans is good. The proportion of loans in the moderate geographies exceeded the percentage of households in the moderate-income geographies.

### **Lending Gap Analysis**

We reviewed the geographic distribution of loans and did not detect any unexplained, conspicuous gaps in lending.

### **Inside/Outside Ratio**

Overall, 86% of both the total number and dollar volume of all loans originated/purchased was within the assessment area during the evaluation period. Loans included all home mortgage-related loans, small business loans, and all consumer loans. Of the small loans to businesses originated/purchased, 88% were within the assessment area. Eighty-eight percent of home mortgage-related loans and 86% of consumer loans were made within the bank's assessment area during the evaluation period. Of the home mortgage-related loans, 81% of home purchase, 89% of home improvement and 89% of home refinance were within the assessment area. This performance was positively factored in to the overall evaluation of the geographic distribution of loans.

### **Distribution of Loans by Income Level of the Borrower**

NBF's overall distribution of lending reflects a good penetration among low- and moderate-income borrowers within the assessment area. The distribution of each product is described below.

### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of home purchase loans was adequate. The percentage of loans to low- and moderate-income borrowers was slightly less than the percentage of low- and moderate-income families within the assessment area. Year 2000 market share data indicated that low- and moderate-income market share matched the bank's overall market share.

The borrower distribution of home improvement loans is excellent. The proportion of loans to low-income borrowers substantially exceeded the percentage of low-income families. The proportion of loans to moderate-income borrowers slightly exceeded the percentage of moderate-income families. NBF's market share for loans to low-income borrowers substantially exceeded the overall market share. The market share for loans to moderate-income borrowers matched the overall market share.

The borrower distribution of home refinance loans is good. The proportion of loans to low-income borrowers substantially exceeded the percentage of low-income families. The proportion of moderate-income loans closely matched the percentage of moderate-income families. The market share for loans to low- and moderate-income closely mirrored the overall market share.

### ***Small Loans to Businesses***

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

We analyzed the distribution of small business loan originations by calculating the percentage of loans made to small businesses. A small business is defined as a business with gross annual revenues of \$1 million or less. We also evaluated the distribution of loans by original amount regardless of business size.

The borrower distribution of small business loans is poor. The percentage of small loans to small businesses is substantially less than the percentage of small businesses in the assessment area. However, 2000 market share data indicated that the bank's market share of small loans to small businesses exceeded its overall market share of small loans to businesses. The majority of small business loans were for amounts of \$100 thousand or less.

### ***Small Loans to Farms- Not Applicable***

Table 12 was deleted as it was determined that a meaningful analysis could not be performed.

### ***Consumer Loans***

Refer to Table 13 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

The borrower distribution of consumer loans is excellent. The proportion of the low- and moderate-income borrowers substantially exceeded the percentage of low- and moderate-income households.

### **Community Development Lending**

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Community development lending had a positive impact on the lending test rating. NBF originated 7 construction loans to build apartments for low-to-moderate income persons with disabilities. The units are specially designed to be barrier-free to facilitate independent living for the disabled community.

In addition, NBF originated a number of loans with community development characteristics throughout the assessment area that were included in the home mortgage and small loans to business totals. These loans had a positive impact on the assessment area.

## **Product Innovation and Flexibility**

Product innovation and flexibility positively impacted the lending test review.

NBF's management spearheaded an innovative loan program that offers flexible terms. The Teacher Loan program is a service designed to assist new teachers relocating to the area with moving and other expenses. The program specifically targets new teachers whose starting salary is considered low-to-moderate income within the assessment area. The loan is offered as part of the teacher's benefits package. The rates for the unsecured loan are substantially below market rates. Management has encouraged other banks in the area to offer the same program and two local banks have agreed to implement the program. During the evaluation period, NBF originated 8 loans for a total of \$15 thousand.

While not considered innovative, NBF offers 2 additional loan programs that are flexible. The programs are NBF 97 and a low-income home equity loan. The NBF 97 loan program offers home mortgage loan financing up to 97% with a .25 percent discount on the normal loan pricing. These loans are designed for low- and moderate-income, first-time home buyers. During the evaluation period, the bank originated 10 loans for a total of \$279 thousand. NBF's low-income home equity loan program offers a .50 percent discounted fixed rate for low-income borrowers. NBF originated 50 low-income home equity loans totaling \$1.2 million.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Washington, DC-MD-VA-WV metropolitan statistical area is adequate.

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

The level of qualified investments is adequate. There are a variety of housing-related investments available on a statewide basis. NBF has purchased multi-year community development investment bonds totaling \$800 thousand. These bonds finance housing opportunities to low- and moderate-income families. This investment was neither innovative nor complex, but was responsive to the overall need within the state for affordable housing.

Additionally, NBF provided funding, through donations and grants, to a wide array of community development organizations that target the needs of low- and moderate-income persons in the assessment area. For the evaluation period, total donations and grants were \$54 thousand. Major donations were made to a women's shelter, the local YMCA and a medical services foundation. The women's shelter provides transitional housing where residents learn to live independently. The donation to the YMCA subsidizes fees for low- and moderate-income patrons. The medical services foundation serves the health needs of low- and moderate-income patients.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Washington, DC-MD-VA-WV metropolitan statistical area is good.

### **Retail Banking Services**

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

NBF's service delivery systems are accessible to individuals of various income levels within its assessment area. Thirty-eight percent (38%) of the bank's branches are located in moderate-income geographies exceeding the percentage (31%) of the population residing in the moderate-income geographies within the assessment area.

Branch offices are located in Fredericksburg, Falmouth, Stafford, and Spotsylvania. During the evaluation period, the Park and Shop branch located in a moderate-income geography was closed. The decision to close the office was based on the bank's reluctance to renew a long-term lease and the branch's close proximity to the main office. The main office, also located in a moderate geography, is less than a one-half mile away and the old location is actually visible from the main office's front door. The closing of this branch did not negatively impact the community.

Branch office hours are comparable. The Main and the England Run offices, located in moderate geographies, offer extended lobby and drive-thru hours. The Princess Anne branch located in historic, downtown Fredericksburg does not offer Saturday lobby hours. However, the Saturday drive-thru hours mirror the other branches. The office, located in a middle-income geography is less than 2 miles from the main office.

All branches have drive-thru windows and 7 of the 8 branches have 24-hour ATMs. The Princess Anne branch is the exception. NBF has one free-standing ATM at the Mary Washington Hospital located in a moderate-income geography. In addition, customers can access their accounts at no charge at any of the 150 plus ATMs that are part of the Mercantile network of banks throughout Virginia, Maryland and southern Delaware.

Alternative delivery systems also include 24-hour automated telephone banking service available to all customers. This service allows customers to check account balances, transfer funds between checking, savings, and lines of credit, verify recent deposits and withdrawals, place stop payments and pay bills. Telephone access to customer service representatives are available for extended hours. Customers can put stop payments on checks, obtain product and service information, transfer funds, obtain current interest rates and annual percentage rates and yields, and confirm balances for existing loans and lines of credit.

NBF offers a number of checking services with no monthly fees or low monthly fees of \$4.00 or less. The bank also offers a non-profit checking service that is available to religious, philanthropic and civic organizations. The monthly service fee is minimal at \$3.00 if the balance falls below \$100.

NBF customers can also cash checks, make checking account deposits, cash payroll checks, make savings deposits and withdrawals, and make mortgage, installment loan and line of credit payments during business hours at any Mercantile Bankshares bank branch located throughout Virginia, Maryland, Delaware and York, Pennsylvania. We did not place significant weight on alternative delivery systems when arriving at a conclusion for the Service Test since the bank does not monitor how these products impact low- and moderate-income individuals.

## **Community Development Services**

NBF provides a good level of community development services to a variety of organizations within the assessment area. A number of bank employees volunteer their financial and technical expertise to a number of community organizations. The community development services provided are very responsive to community development needs. Example of community development services include:

- Bank officer provides financial and budgeting expertise to prepare/guide the budget for an organization that offers transitional housing for homeless mothers and their children.
- Bank officer provides financial skills to oversee grant process and set policy guidelines for grant qualifications, approvals and distributions. Grants are awarded to non-profit organizations serving the health needs of low- and moderate-income residents.
- Bank officer provides budgeting and fund-raising skills to identify and purchase new homeless shelter facility. The shelter is being relocated due to lease expiration.
- Bank officer provides financial skills to civic organization in the selection of scholarship low- and moderate-income recipients based on financial need.
- Bank officer uses banking skills to advise and train single mothers on public assistance on budgeting and financial skills to transition them from welfare to work. This is done through a religious organization.
- Bank officer provides financial, organizational, and budgeting skills to an annual fund raising effort that assists low- and moderate-income families that are uninsured or underinsured with long-term medical bills.
- Bank officer lends expertise in finance and budget for a national philanthropic organization, which serves low- and moderate-income individuals.
- Bank officer provides lending analysis skills through a local civic organization to ensure a vacant property located in a moderate-income geography is used for community development purposes.



- Bank officer, serving as treasurer, provides budget and accounting skills to prepare budget, cost estimates, review applications and determine eligibility for the Christmas in April project that rehabilitates houses for low- and moderate-income homeowners.
- Bank officer provides banking services at various small business locations, on-site, in moderate-income geographies. Account and translation services are also provided to their employees, who are low- and moderate-income workers.

In addition, other employees volunteered at civic, religious and other philanthropic organizations that target low- and moderate-income citizens within the assessment area.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation and loan products considered. The table also reflects the metropolitan area that received a comprehensive examination review (designated by the term “full-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/1999 to 06/30/2002) Investment and Service Tests and CD Loans: (08/30/1999 to 09/30/2002)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
National Bank of Fredericksburg (NBF) Fredericksburg, VA	Home purchase, home improvement and home refinance loans, small business loans, motor vehicle loans, secured and unsecured consumer loans, home equity loans and community development loans	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Washington, DC-MD-VA-WW MSA #8840	Full scope exam	

# Appendix B: Market Profiles for Full-Scope Areas

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## Table of Contents

### Market Profiles for Areas Receiving Full-Scope Reviews

Washington, DC-MD-VA-WV MSA (8840).....	B2
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## Washington, DC-MD-VA-WV

Demographic Information for Full-Scope Area: Washington, DC-MD-VA-WV						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	29	0	31	41	0	28
Population by Geography	137,666	0	32	68	0	0
Owner-Occupied Housing by Geography	34,196	0	29	71	0	0
Businesses by Geography	7,008	0	37	63	0	0
Farms by Geography	177	0	42	58	0	0
Family Distribution by Income Level	36,147	20	26	30	24	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	16,794	0	40	60	0	0
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below the Poverty Level	= \$52,807 = \$85,600 =5.90%	Median Housing Value Unemployment Rate				= \$111,738 = 1.75%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2001 HUD updated MFI.

NBF has one assessment area within the Washington, DC-MD-VA-WV metropolitan statistical area (8840). The assessment area is comprised of the city of Fredericksburg, Spotsylvania county and Stafford county within the state of Virginia.

The bank operates a total of 8 full-service branches within the assessment area. Two offices are located in the city of Fredericksburg, one of which is the Main office. Three offices are located in Spotsylvania county and 3 are located in Stafford county. Seven of the eight branches have a 24-hour ATM. The Princess Anne Office, located in a middle-income geography, does not have an ATM machine. In addition, the bank has 1 freestanding, cash-dispensing machine located at Mary Washington Hospital.

The assessment area is comprised of 9 moderate-income geographies and 12 middle-income geographies. The area does not have any low-income or upper-income geographies. The assessment area has 8 geographies that are designated not applicable (N/A). These geographies are unpopulated.

Competition in the bank's assessment area is very strong. The bank's major competitors include nationwide and super regional commercial banks, local community banks, credit unions, nationwide finance companies, nationwide mortgage and small business lenders. The bank's business focus is on lending for nonresidential building operators, residential developers, and medical physician offices.

The assessment area continues to be one of the fastest growing areas in Virginia with strong growth in commercial development and housing. The area has evolved into a community where residents live in the assessment area but travel to work outside the assessment area to destinations such as Washington, DC, Northern Virginia and Dahlgren, VA. The leading industries in the Washington, DC metropolitan area are the federal government, computer and data processing and miscellaneous businesses. Major employers within the assessment area are Mary Washington Hospital, GEICO Insurance customer service center, McLane Mid-Atlantic (distributor for 7-11 convenience stores) and CVS distribution center.

Management has identified a need for affordable housing and financial education within their assessment area.

We made one community contact with a local affordable housing organization that targets the housing needs of low- and moderate-income citizens. The contact identified the need for more affordable housing that meets the special challenges of persons with disabilities, seniors and persons transitioning from homelessness.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.



**Table 1. Lending Volume**

LENDING VOLUME		STATE: Virginia				Evaluation Period: January 1, 1999 to June 30, 2002						
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Washington, DC-MD-VA-WV	100	659	36,635	598	83,847	N/A	N/A	11	919	1,268	121,401	100

\* Loan Data as of [Date]. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is August 30, 1999 to September 30, 2002.

\*\*\* Deposit Data as of June 30, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1. Other Products**

LENDING VOLUME		STATE: Virginia				Evaluation Period: January 1, 1999 to June 30, 2002								
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Washington, DC-MD-VA-WV	100	3,225	37,379	N/A	N/A	356	14,553	1,316	15,663	192	726	136	1,909	100

\* Loan Data as of [Date]. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is From 01/01/1999 to 06/30/2002.

\*\*\* Deposit Data as of June 30, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1. Other Products**

LENDING VOLUME		STATE: Virginia		Evaluation Period: January 1, 1999 to June 30, 2002	
MA/Assessment Area:	Other Unsecured Consumer Loans		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Washington, DC-MD-VA WV	1,225	4,528	N/A	N/A	

(\*)The evaluation period for Optional Product Line(s) is from 01/01/1999 to 06/30/2002.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE			STATE: Virginia				Evaluation Period: January 1, 1999 to June 30, 2002					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Washington, DC-MD-VA-WV	95	100	N/A	N/A	29	46	71	54	N/A	N/A	<1	N/A	<1	<1	N/A	

\* Based on 2000 Peer Mortgage Data: Southeast Region.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			STATE: Virginia				Evaluation Period: January 1, 1999 to June 30, 2002					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Washington, DC-MD-VA-WV	393	100	N/A	N/A	29	41	71	59	N/A	N/A	8	N/A	13	7	N/A	

\* Based on 2000 Peer Mortgage Data: Southeast Region.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

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**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE		STATE: Virginia						Evaluation Period: January 1, 1999 to June 30, 2002							
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Washington, DC-MD-VA-WV	171	100	N/A	N/A	29	35	71	65	N/A	N/A	2	N/A	1	2	N/A

**Table 5. Geographic Distribution of Multifamily Loans Deleted – Not Applicable**

\* Based on 2000 Peer Mortgage Data: Southeast Region.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												STATE: Virginia		Evaluation Period: January 1, 1999 to June 30, 2002				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography							
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp			
<b>Full Review:</b>																		
Washington, DC-MD-VA-WV	545	100	N/A	N/A	37	41	63	59	N/A	N/A	4	N/A	5	4	N/A			

**Table 7. Geographic Distribution of Small Loans to Farms Deleted – Not Applicable**

\* Based on 2000 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2000.

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		STATE: Virginia					Evaluation Period: January 1, 1999 to June 30, 2002									
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share					
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Washington, DC-MD-VA-WV	95	100	20	19	26	21	30	19	24	39	<1	<1	<1	<1	1	

\* Based on 2000 Peer Mortgage Data: Southeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 7% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		STATE: Virginia					Evaluation Period: January 1, 1999 to June 30, 2002									
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share					
	#	% of Total**	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Washington, DC-MD-VA-WV	393	100	20	31	26	29	30	23	24	17	7	16	7	4	6	

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

\* Based on 2000 Peer Mortgage Data: Southeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for <1% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Borrower Distribution: HOME MORTGAGE REFINANCE			STATE: Virginia				Evaluation Period: January 1, 1999 to June 30, 2002								
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Washington, DC-MD-VA-WV	171	100	20	29	26	28	30	23	20	19	2	3	2	2	2

\* Based on 2000 Peer Mortgage Data: Southeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 6% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES			STATE: Virginia				Evaluation Period: January 1, 1999 to June 30, 2002			
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share		
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less	
<b>Full Review:</b>										
Washington, DC-MD-VA-WV	599	100	87	62	67	19	14	4	7	

\* Based on 2000 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2000).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for <1% of small loans to businesses originated and purchased by the Bank.



**Table12. Borrower Distribution of Small Loans to Farms Deleted – Not Applicable**

**Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)**

Geographic and Borrower Distribution: CONSUMER LOANS																			STATE: Virginia				Evaluation Period: January 1, 1999 to June 30, 2002			
MA/Assessment Area:	Geographic Distribution										Borrower Distribution															
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers									
	#	% of Total	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans								
<b>Full Review:</b>																										
Washington, DC-MD-VA-WV	3,225	100	N/A	N/A	34	39	66	60	N/A	N/A	22	39	21	29	28	17	29	12								

\* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

\*\* Percentage of Households is based on the 1990 Census Information.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS										STATE: Virginia				Evaluation Period: January 1, 1999 to June 30, 2002			
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments									
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)								
<b>Full Review:</b>																	
Washington, DC-MD-VA-WV	0	0	32	854	32	854	100	0	0								

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS STATE: Virginia														Evaluation Period: January 1, 1999 to June 30, 2002			
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Washington, DC-MD-VA-WV	100	8	100	N/A	3	5	N/A	0	1	N/A	-1	0	N/A	N/A	32	68	N/A

## GEOGRAPHY

Demographic Information for Full Scope Area: Washington, DC-MD-VA-WV						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	29	0	31	41	0	28
Population by Geography	137,666	0	32	68	0	0
Owner-Occupied Housing by Geography	34,196	0	29	71	0	0
Business by Geography	7,008	0	37	63	0	0
Farms by Geography	177	0	42	58	0	0
Family Distribution by Income Level	36,147	21	26	29	24	0
Distribution of Low and Moderate Income Families throughout AA Geographies	16,794	0	40	60	0	0
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below Poverty Level		\$52,807 \$85,600 5.90%	Median Housing Value Unemployment Rate (1990 US Census)			\$111,738 1.75%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 US Census and 2001 HUD updated MFI