

PUBLIC DISCLOSURE
July 9, 2001
COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Virginia Bank
679125
6400 Arlington Boulevard
Falls Church, Virginia 22042

Federal Reserve Bank of Richmond
P. O. Box 27622
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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal financial supervisory agency concerning the safety and soundness of this financial institution.

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

The following table indicates the performance level of First Virginia Bank with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	First Virginia Bank		
	PERFORMANCE TESTS		
	LENDING TEST*	INVESTMENT TEST	SERVICE TEST
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

Summary of major factors supporting the institution's rating include:

- The overwhelming majority of the bank branches, deposits, and loans are in the MSA assessment area. The overall rating was based on performance in this assessment area that was reviewed using the examination procedures. Conclusions regarding performance in the non-MSA assessment area indicated performance was consistent with that of the MSA assessment area.
- Overall lending activity was consistent with the bank's capacity.
- A substantial majority of the institution's Home Mortgage Disclosure Act (HMDA), small business, and consumer lending were originated within the bank's assessment areas.
- The borrower and geographic distribution of loans within the MSA assessment area reviewed using the examination

procedures is considered good.

- A relatively high level of community development lending was noted.
- The level of qualified community development investments is considered good relative to available opportunities.
- Delivery systems and branch locations are readily accessible to all segments of the assessment area reviewed. Branch closings have not adversely affected low- and moderate-income neighborhoods.
- A high level of community development services was identified.
- The bank has not received any complaints regarding its CRA performance since the previous CRA evaluation.

DESCRIPTION OF INSTITUTION:

First Virginia Bank, headquartered in Falls Church, Virginia, operates 88 offices serving the northern portion of Virginia that is included in the Washington, D. C. Metropolitan Statistical Area (MSA) and Westmoreland County, Virginia. The institution is a subsidiary of First Virginia Banks, Inc. (FVBI), a multi-bank holding company also located in the City of Falls Church. First Virginia Mortgage Company (FVMC) and First Virginia Credit Services, Inc. (FVCSI) are lending subsidiaries of First Virginia Bank. FVMC offers mortgage loans exclusively using the internet while FVCSI purchases motor vehicle loans from dealers throughout the Commonwealth of Virginia, as well as several states in the mid-Atlantic region and other nearby states.

As of December 31, 2000, the bank had \$3.5 billion in assets of which 69.9% were loans and 22.4% were securities. Various credit products are available through the institution including consumer, business, and residential mortgage loans. The loan portfolio as of December 31, 2000, was comprised of 54.5% consumer, 27.3% real estate secured (including consumer and business), 15.8% business/agricultural, and 2.4% other. From June 30, 1999, to the end of 2000, total loans have increased by 3.6%, while total assets and deposits have increased by 3.9% and 2.0, respectively. An increase in commercial lending relative to consumer lending is evident consistent with the bank's strategy of relationship banking and cross-selling of products. First Virginia Bank has divested two branch offices, closed one branch office, and opened one new office since the previous performance evaluation dated June 26, 1999. The bank's previous CRA rating was satisfactory.

SCOPE OF EXAMINATION

This evaluation considered consumer, HMDA, and small business loans originated and purchased during 1999 and 2000. When

evaluating the distribution of lending for a particular lending category, the number of loans was given primary consideration. When evaluating overall performance, the dollar amount of lending was given consideration in addition to the number of loans. The evaluation period for community development, both investments and services, is the period from the date of the previous public evaluation through the end of June 2001. Investments made during this same period, as well as prior investments still outstanding, are considered.

The bank's rating was determined by using the Federal Financial Institutions Examination Council examination procedures for the review of the Falls Church assessment area. Most of the bank's lending for the review period was in this assessment area and accounted for 98.9% of all bank lending considered. Also, the overwhelming bulk of the population within all of the bank's markets is in this area. For the remaining assessment area, a determination was made as to whether performance was consistent with the overall bank rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

For each assessment area reviewed using the examination procedures an analysis of lending is discussed in greater detail later in the report. The lending test is rated high satisfactory overall based on the lending activity, distribution of lending, and community development lending. Area demographics, Dun & Bradstreet (D&B) economic data, and market aggregate information are used as proxies for demand when evaluating the bank's performance. Aggregate loan data for 1999 is used since 2000 aggregated data is not yet available. Aggregated data includes Farmers and all reporting institutions that originated loans of the type considered within the assessment area. Small farm loans were not evaluated because of the relatively small volume.

Lending Activity

In addition to originations, loans are routinely purchased and sold among First Virginia affiliates and a significant volume of lending comes from FVCSI. Taking into account all lending activity First Virginia Bank is an active lender. Loan-to-deposit ratio is one measure of lending activity relative to financial capacity as represented by the level of deposits. From June 1999 to March 31, 2001, the bank's loan-to-deposit ratio ranged from 77.7% to 85.1% with an average quarterly ratio of 81.9%. During the eight-quarter period ending March 31, 2001, the quarterly average loan-to-deposit ratio of all banks headquartered in metropolitan areas of the Commonwealth and of similar asset size to First Virginia Bank ranged from 76.4% to 79.7%. Lending activity within the bank's assessment areas is consistent with its financial capacity.

The following table shows the lending activity inside the bank's assessment areas, including loans originated or purchased by

affiliates that are a critical part of the bank's efforts to serve its communities. Few small farm loans were originated or purchased during the review period and are not included.

First Virginia Bank Loan Originations/Purchases January 1, 1999, through December 31, 2000				
	Total Loans	Percentage of Lending	Total Dollar Amount (000's)	Percentage of Lending
Small Business*	861	1.4%	\$115,169	13.6%
Home Mortgage Disclosure Act (HMDA) *	1,892	3.1%	\$115,289	13.6%
<i>HMDA Subtotals*</i>				
<i>Home Purchase*</i>	265	.4%	\$34,524	4.1%
<i>Refinance*</i>	798	1.3%	\$61,433	7.2%
<i>Home Improvement*</i>	829	1.4%	\$19,332	2.3%
Small Business-Real Estate Secured*	2	0%	\$350	0%
Home Equity (nonHMDA)	1,498	2.5%	\$76,801	9.0%
Motor Vehicle	28,366	47.3%	\$486,308	57.3%
Other Consumer Secured	1,850	3.1%	\$17,900	2.1%
Other Consumer Unsecured	25,537	42.6%	\$37,458	4.4%
Totals	60,006	100%	\$849,275	100%

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

Motor vehicle lending, as well as other consumer loans, accounted for most of the lending activity based on both number and dollar amount. HMDA and small business loans, while representing a much smaller number of loans, accounted for over 25% of the dollar amount of loans.

Several changes have recently taken place regarding mortgage products available directly or indirectly through the bank. As noted

previously, FVMC now offers loans only through the internet. Since this change in March of 2000, the volume of mortgage loans originated through FVMC has declined significantly. At the same time, however, the bank has extended the maximum loan term for its home equity product from 15 years to 20 years. As a result, the product is more flexible as a vehicle to meet home improvement, refinancing, and other home-secured credit needs.

Among the loans evaluated for the review period are credits extended in conjunction with programs that promote affordable housing and small business development. During 1999 and 2000, affordable housing loans originated through First Virginia Mortgage Company totaled 290 for \$33.4 million. Such loans consist of various governmentally sponsored or insured products that offer low down payment options and/or more lenient borrower qualification parameters. Also, the bank continues to offer FHA Title I home improvement loans and originated 126 such loans for \$1.7 million. FHA Title I home improvement loans provide flexible underwriting criteria, terms up to ten years, and reduced interest rates. Finally, three Small Business Administration loans totaling \$2.3 million were originated during the review period.

In addition to the above lending the bank originated a number of loans reported as small business loans that have community development purposes. Such loans extended during the review period totaled nearly \$860,000 and include a line of credit to Habitat for Humanity. Also, the bank participates in the Healthy Community Loan Fund. The fund established by FVBI and the Virginia Health Care Foundation provides financing to health care providers willing to locate in underserved communities throughout the Commonwealth. State officials have identified designated areas as having a shortage of adequate health care. The loans extended under the program have typically provided financing in predominately rural communities. The bank extended one such loan in its assessment areas to a health care provider serving Westmoreland County.

Assessment Area Concentration

A substantial majority of loans originated or purchased by the bank were within the bank's two assessment areas with most of the lending taking place in the MSA assessment area.

Comparison of Credit Extended Inside and Outside of Assessment Areas (Excludes Affiliate Lending)

	Inside				Outside			
	#	%	\$(000's)	%	#	%	\$(000's)	%
Small Business	850	96.5%	\$113,124	92.8%	31	3.5%	\$8,719	7.2%
Consumer	31,476	93.4%	\$174,375	95.0%	2,241	6.6%	\$9,179	5.0%
HMDA	1,349	90.7%	\$50,642	87.2%	138	9.3%	\$7,414	12.8%
Total	33,675	93.3%	\$338,141	93.0%	2,410	6.7%	\$25,312	7.0%

Geographic and Borrower Distribution

The distribution of lending among geographies and borrowers of different income levels is considered good. When evaluating bank performance its lending was compared to proxies for demand including demographic information, business data from D&B and, as available, aggregate lending data for 1999 (aggregate lending data for 2000 was not available as of the examination date). Aggregate data is available for HMDA and small business loans and includes data for all lenders subject to reporting requirements, including this institution.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated high satisfactory. Qualified community development investments include bonds issued by the VHDA, equity investments, and charitable contributions and grants to organizations and/or causes primarily serving low- and moderate-income residents.

Since the previous evaluation, the bank has purchased eight VHDA bonds totaling \$4.8 million. Total VHDA bonds held by the bank as of the end of June 2001 equaled \$13.4 million. The VHDA is a self-supporting, independent agency of the Commonwealth that helps meet the housing needs of low- and moderate-income individuals and families primarily through mortgage lending. Bond proceeds are used to finance single-family and multi-family mortgages throughout Virginia, including the bank's assessment areas.

The institution maintains a \$240,000 equity investment in Virginia Capital LLC (VCLLC). VCLLC operates a licensed small business investment company (SBIC), Virginia Capital SBIC, LP. Also, the bank has increased its investment in the equity funds

of the Virginia Community Development Corporation (VCDC) to \$1.5 million. VCDC, through its housing equity funds, uses low-income housing tax credits to secure funding for affordable housing projects throughout the Commonwealth.

Investments targeting any specific assessment area are discussed later in this evaluation.

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. Since the previous examination, the number of branches has declined by two. Both of the bank's branches in Northumberland County were sold since the previous evaluation and the bank no longer has any offices in this county. Branch closings have not adversely affected low- and moderate-income neighborhoods. Further, the bank's level of community development services is considered responsive to community needs.

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. 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 FALLS CHURCH ASSESSMENT AREA:

This assessment area includes Arlington, Fairfax, Fauquier, King George, Loudoun, Prince William, Stafford, and Spotsylvania Counties and the Cities of Alexandria, Falls Church, Fairfax, Fredericksburg, Manassas, and Manassas Park. This area is included within the Washington, D. C. Metropolitan Statistical Area (MSA).

The metropolitan market area contains 419 census tracts and block numbering areas (BNAs) of which 73 have a median family income of zero. Of the remainder two are low-income, 51 are moderate-income, 178 are middle-income, and 115 are upper-income. According to 1990 census data, this assessment area has a population of 1.7 million and a median housing value of

\$182,513. The owner-occupancy rate for the market is 64.9%, which is slightly higher than that for the MSA (61.2%) and slightly lower than the rate for the Commonwealth of Virginia (66.2%). The 2000 median family income for the MSA is \$82,800.

The following table provides demographics for the metropolitan assessment:

	Low- Income	Moderate -Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	13.0%	17.0%	25.9%	44.1	100%
Percentage of Population Residing in Census Tracts by Income Level of Tract	.2%	14.0%	54.1%	31.7%	100%
Percentage of Owner-Occupied Housing Units by Income Level of Tract	0%	9.0%	53.9%	37.1%	100%
Number of Tracts by Income Level	2	51	178	115	346
Percentage of Tracts by Income Level	.6%	14.7%	51.5%	33.2%	100%
Percentage of Families Below Poverty Rate by Income Level of Tract	10.1%	6.8%	2.7%	1.1%	NA

The economy of the assessment area is diverse with a mix of retail, service, and technology-based industries. Regional employment opportunities are greatly dependent directly and indirectly on the Federal government. The per capita income for the area is among the highest in the nation, and the unemployment rate remains below that of both the Commonwealth and the nation. The unemployment rates as of May 2001 for the cities and counties of the assessment area are depicted in the following chart. The unemployment rate for the Commonwealth of Virginia is 2.9%.

<u>City Or County</u>	<u>Unemployment Rates For May 2001</u>	<u>City Or County</u>	<u>Unemployment Rates For May 2001</u>
Alexandria City	2.0%	King George County	1.4%
Arlington County	1.7%	Loudoun County	2.0%
Fairfax City	.5%	Manassas City	2.3%
Fairfax County	1.7%	Manassas Park City	1.4%
Falls Church City	2.2%	Prince William County	1.8%
Fauquier County	1.2%	Stafford County	1.3%
Fredericksburg City	3.3%	Spotsylvania County	1.3%

First Virginia Bank has 86 branch offices serving this assessment area. As of June 2000, the bank ranked fifth in deposit market share with 9.6% of area deposits. These deposits represented 97.9% of total bank deposits. 1999 Aggregate data shows that for small business lending the bank ranked tenth in market share. Neither the bank nor FVMC is a significant mortgage lender overall in the area and neither ranked among the top 30 lenders in the market; however, First Virginia Bank did rank fourth for home improvement lending with a market share of 6.5%.

A community contact was made to assist in evaluating the bank's CRA performance. The contact indicated that the local economy was very strong and did not identify any unmet credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN FALLS CHURCH ASSESSMENT AREA:

LENDING TEST

Lending Activity

Relative to the proportion of offices (97.7%) in and deposits (97.9%) from this assessment area the level of lending is considered good.

Geographic Distribution of Loans

In this section, for each major lending category (consumer, HMDA, small business) a table depicting the geographic distribution of

bank lending is followed by an analysis of the bank's lending performance.

Distribution of Consumer Loans by Income Level of Census Tract
(Includes Affiliate Lending)

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	29	7,006	31,055	18,585	56,675
Percentage of Total Loans	<.1%	12.4%	54.8%	32.8%	100%
Total Amount of Loans (000's)	\$271	\$59,934	\$320,612	\$233,076	\$613,893
Percentage of Total Amount	<.1%	9.8%	52.2%	38.0%	100%

In both low- and moderate-income tracts the percentage of families below the poverty level likely mitigates effective demand somewhat. Considering effective demand and given the very low population with low-income tracts the bank's lending is reasonable. In moderate-income tracts, the bank's lending is consistent with the population and the effective demand in these tracts and is considered good.

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

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	0	199	1,032	598	1,829
Percentage of Total Loans	0%	10.9%	56.4%	32.7%	100%
Total Amount of Loans (000's)	\$0	\$9,915	\$61,813	\$40,993	\$112,721
Percentage of Total Amount	0%	8.8%	54.8%	36.4%	100%

No owner-occupied housing units are located in low-income census tracts. In moderate- income tracts, bank lending exceeds to percentage of owner-occupied units in these tracts and is also higher than the 9.1% of aggregate loans made in moderate-income tracts in 1999. The bank's lending is considered good.

Distribution of Small Business* Loans by Income Level of Census Tract
(Includes Affiliate Lending)

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	0	96	485	244	825
Percentage of Total Loans	0%	11.6%	58.8%	29.6%	100%
Total Amount of Loans (000's)	\$0	\$15,205	\$69,240	\$33,759	\$118,204
Percentage of Total Amount	0%	12.9%	58.6%	28.5%	100%

* Includes small business loans secured by real estate.

The bank's small business loan penetration in low- and moderate- income census tracts is considered good. Data from D&B for July 1998 indicates that within the Falls Church assessment area less than 1% of all commercial entities are located in low-income areas, while approximately 12% of all area business are in moderate-income census tracts. Although the bank reported no loans in low-income areas, the 1999 small business aggregate data revealed a less than 1% penetration of total loan volume in low-income tracts. Lending within moderate-income tracts accounted for 11.8% of aggregate reported loans.

Borrower Profile

In this section, for each major lending category (consumer, HMDA, small business) a table depicting the distribution of bank lending to borrowers of different income levels or revenue size is followed by an analysis of the bank's lending performance.

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

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	17,173	12,723	9,478	9,449	48,823
Percentage of Total Loans	35.2%	26.1%	19.4%	19.4%	100%
Total Amount of Loans (000's)	\$105,887	\$155,588	\$144,874	\$186,943	\$593,292
Percentage of Total Amount	17.9%	26.2%	24.42%	31.5%	100%

Lending to both low- and moderate-income borrowers exceeded the percentage of such families within the assessment area. This level of lending is considered excellent.

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

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	305	513	499	489	1,806
Percentage of Total Loans	16.9%	28.4%	27.6%	27.1%	100%
Total Amount of Loans (000's)	\$12,550	\$30,531	\$31,977	\$34,901	\$109,959
Percentage of Total Amount	11.4%	27.8%	29.1%	31.7%	100%

As with consumer loans, the lending to both low- and moderate-income borrowers exceeded the percentage of such families in the assessment area. The bank's lending also compares favorably to 1999 aggregate data which shows 9.9% of loans made to low-income borrowers and 23.4% to moderate-income borrowers.

Distribution of Lending
by Loan Amount and Size of Business or Farm
(Includes Affiliate Lending)

	\$0 - \$100,000		>\$100,000 to \$250,000		> \$250,000		Total	
	#	%	#	%	#	%	#	%
Number Total Revenues ≤ \$1 Million	309	38.0%	51	6.2%	21	2.6%	381	46.8%
Number Total Revenues > \$1 Million	223	27.4%	106	13%	104	12.8%	433	53.2%
Totals	532	65.4%	157	19.2%	125	15.4%	814	100%

D&B data for 2000 shows that 89.3% of assessment area businesses generated revenues less than \$1 million. In comparison, 1999 aggregate data indicates that 55% of loans were made to businesses with revenues of \$1 million or less. The remainder was either to businesses with revenues over \$1 million or to businesses where the revenue is unknown. Aggregated data also shows that most loans reported (86.7%) were under \$100,000. Based on the available proxy data the bank's small business distribution is considered adequate.

Community Development Loans

Community development loans originated since the previous evaluation through June 2001 totaled \$3.3 million in this assessment area. Almost all of these loans involve affordable housing projects within the assessment area including nearly \$2.2 million in loans for assisted living facilities for disabled adults. The nonprofit operators of these facilities primarily receive funding from government sources, including Medicaid, a means-tested program that targets low- and moderate-income individuals.

INVESTMENT TEST

In addition to the statewide investments previously mentioned, since the previous evaluation through June 2001, contributions supporting community development activities totaling \$55,500 have been made. Most of the contributions support various social service activities but a portion also assisted affordable housing and small business development organizations.

SERVICE TEST

The bank's performance under the service test is considered good. Retail delivery systems and branch locations are considered accessible and hours of operation convenient. The bank also provides a relatively high level of community development services relative to its capacity.

Accessibility of Delivery Systems

Bank products and services are available through several delivery mechanisms. The bank operates 86 branches of which 78 have automated teller machines (ATMs) and 69 have drive-through teller windows. In addition, the bank operates two freestanding ATM machines. The ATMs offer 24-hour access to customers and through a shared network, customers can access their accounts nationwide. Also, internet banking is available for deposit customers and through First Virginia Mortgages OnLine consumers can apply for mortgage financing. For depositors, bank by mail and telephone banking are available.

Additionally, foreign language bank brochures are readily available in bank offices. These brochures communicate all First Virginia Bank products and services offered and are provided in Spanish, Vietnamese, Korean, and Arabic. Multi-lingual bank representatives are also available to assist the non-English speaking customer.

Branch Locations and Hours of Operation

Since the previous examination, the number of branches has remained constant. Although one office in Fairfax County was closed, an office in Prince William County was opened. Branch locations and business hours are considered convenient and meet the needs of assessment area residents. Of the 86 assessment area offices, 16 branches (18.6%) are located in moderate-income census tracts and 14 of these offices also have ATMs. The number of branches in moderate-income tracts is consistent with the percentage of area population (14%) in such tracts.

Community Development Services

Bank personnel are active in providing financial expertise to a number of community development organizations that provide social services, promote economic development, and develop affordable housing opportunities. Some of these organizations include:

- Northern Virginia Community Development Corporation (NVCDC) - Promotes affordable housing and economic revitalization in low- and moderate-income areas and for low- and moderate-income individuals.
- Virginia Community Development Corporation - Raises private capital for affordable housing projects and small business ventures.
- Columbia Pike Revitalization Organization (CPRO) - A nonprofit coalition of residents, businesses, civic associations, and property owners dedicated to the goal of revitalizing Columbia Pike and the adjacent neighborhoods, the majority of which are located in low- and moderate-income census tracts.
- Langley Residential Support Services Corporation - A nonprofit organization that operates five residential homes providing housing to low-income, mentally disabled adults.
- Fauquier Bankers Community Coalition (FBCC) - Comprised of several local financial institutions, Fauquier Housing Corporation, Fauquier Habitat for Humanity, Fauquier Builders Association, Faith Christian Church and Outreach Center, and a local real estate agency. The purpose of the FBCC is to support affordable housing and social service

projects for low- and moderate-income residents of Fauquier County.

- Rappahannock Area Bankers Association – Provides housing assistance to low- and moderate-income residents of the Fredericksburg community.
- Arlington Human Services Commission – Assists area low-income individuals in need.
- 2000 Tax Assistance Program (TAP) - TAP helps low- and moderate-income families claim tax refunds by providing a free tax preparation service. This program is targeted to the Hispanic population of Falls Church and Arlington.

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 WESTMORELAND COUNTY ASSESSMENT AREA:

Two branch offices are operated in Westmoreland County, Virginia. The entire county has been designated as an assessment area. The bank ranks second in deposit market share with 29.5% of deposits as of June 2000. Deposits in this market represented 1.5% of the bank’s total deposits. Demographic information about the county is summarized below. Performance under the lending, investment, and service tests is consistent with performance of the institution overall in each case.

BNAs in Assessment Area/Low-and Moderate-Income BNAs	4/0	Median Family Income (2000)	\$39,800
Population	15,480	Poverty Rate (Families)	9.9%
Median Housing Value	\$66,827	Owner-Occupancy Rate	79.6%
% of Businesses with Revenues ≤ \$1 million			92.6%

Of families in the area, 17.6% are low-income and 17.4% are moderate-income.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WESTMORELAND COUNTY ASSESSMENT AREA:

LENDING TEST

The table below summarizes the bank's lending activity within the assessment area.

Loan Originations/Purchases						
	Loans to Low-Income Borrowers		Loans to Moderate-Income Borrowers		Loans to Businesses with Revenues < \$1 Million	
	#	%	#	%	#	%
Consumer	118	24.0%	109	22.2%	NA	NA
Small Business	NA	NA	NA	NA	39	83.0%
HMDA	11	17.5%	11	17.5%	NA	NA
1999 Aggregate Loan Originations/Purchases						
Small Business		NA		NA		58.4%
HMDA		7.7%		15.4%		NA

Performance under the lending test in this assessment area is consistent with performance overall.

INVESTMENT TEST

Investments in this assessment area since the previous examination consisted of contributions totaling \$225. These contributions supplement the statewide investments discussed earlier. Given the limited local investment opportunities, performance under the investment test in this assessment area is consistent with performance overall.

SERVICE TEST

The two offices in this assessment area are considered readily accessible and offer services substantially similar to those offered at other locations in the Commonwealth. Community development service opportunities are limited in this rural community. A bank officer does serve on loan committee for an economic development organization in Northumberland County where the bank had offices until the end of 2000. Performance under the service test in this assessment area is consistent with performance overall.

APPENDIX A – Scope of Examination

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION	
ASSESSMENT AREA	TYPE OF EXAMINATION
Falls Church	Full Procedures
Westmoreland	Limited Procedures

APPENDIX B - Glossary

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

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

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

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

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

Affordable housing for low- or moderate-income individuals;

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

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

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

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

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

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

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

Income Level includes:

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

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

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

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

Median Family Income - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and

Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction. 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.