

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

First Virginia Bank – Hampton Roads  
832920  
555 Main Street  
Norfolk, Virginia 23510

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

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

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

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

<b>PERFORMANCE LEVELS</b>	<b><u>FIRST VIRGINIA BANK – HAMPTON ROADS</u></b>		
	<b>PERFORMANCE TESTS</b>		
	<b>LENDING TEST *</b>	<b>INVESTMENT TEST</b>	<b>SERVICE TEST</b>
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

The major factors supporting the institution's rating include:

- Overall lending activity was consistent with the bank's capacity and addressed identified community credit needs.
- A substantial majority of the institution's small business, HMDA, and consumer loans were originated within the bank's assessment areas.
- The borrower and geographic distribution of loans within the assessment area reviewed using the examination procedures is at least adequate in all cases and is considered good overall.

- Participation in qualified community development investments is responsive to community credit needs and is considered good.
- Delivery systems and branch locations are readily accessible to all segments of the assessment areas. Branch closings have not adversely affected low- and moderate-income neighborhoods.
- The level of community development services provided is responsive to identified community needs.
- The bank has not received any complaints regarding its CRA performance since the previous CRA evaluation.

### **DESCRIPTION OF INSTITUTION:**

First Virginia Bank – Hampton Roads was formed on July 16, 1999, with the merger of First Virginia Bank – Commonwealth and First Virginia Bank – Tidewater. The bank is headquartered in Norfolk, Virginia, and serves four distinct market areas with 49 branch offices. These offices serve the Hampton Roads area of the Commonwealth, which includes the majority of the Norfolk-Virginia Beach-Newport News, VA-NC Metropolitan Statistical Area (MSA), as well as Virginia’s Eastern Shore (Accomack and Northampton Counties), a portion of the Middle Peninsula (Middlesex County), and a portion of Southside Virginia (Surry County). The institution is a subsidiary of First Virginia Banks, Inc. (FVBI), a multibank holding company, located in Falls Church, Virginia. Additionally, First Virginia Mortgage Company (FVMC) and First Virginia Credit Services, Incorporated (FVCSI), subsidiaries of the lead bank, First Virginia Bank, Falls Church, Virginia, share an affiliate relationship with the First Virginia Bank – Colonial.

As of March 31, 2001, the bank held \$797.8 million in assets of which 67.8% were loans and 25.7% were securities. The loan portfolio as of this date was comprised of 56.9% consumer, 24.9% residential real estate secured, 8.9% other real estate (including farmland and nonresidential property), 4.2% commercial and agriculture, 2.6% construction and land development, and 2.5% other. As of March 31, 2001, deposits totaled \$677.8 million. The bank’s previous CRA rating was satisfactory.

The following table details the composition of each of the bank’s assessment areas and includes the number and percentage of branches, volume of lending, and volume of deposits by assessment area.

Assessment Area Name	Counties/Cities	Branches		Volume of Loans		Volume of Deposits
		#	%	#	\$	
Hampton Roads	Chesapeake City	41	83.7%	84.7%	84.3%	77.4%
	Gloucester County					
	Hampton City					
	James City County					
	Mathews County					
	Newport News City					
	Norfolk City					
	Poquoson City					
	Portsmouth City					
	Suffolk City					
	Virginia Beach City					
	Williamsburg City					
	York County					
Eastern Shore	Accomack County	4	8.2%	8.3%	7.6%	12%
	Northampton County					
Middlesex	Middlesex County	3	6.1%	5.6%	7.1%	7.5%
Surry	Surry County	1	2%	1.4%	1%	3.1%

Loan volume data includes all loans originated or purchased, including those by affiliates, since January 1, 1999, through December 31, 2000, while the deposit data is current through June 30, 2000. Detailed descriptions of each assessment area are included in following sections within this report.

## SCOPE OF EXAMINATION

The review of the bank's lending activity includes loans reported under the Home Mortgage Disclosure Act (HMDA), small business, small farm, and consumer loans originated or purchased since January 1, 1999, through December 31, 2000. The lending activity also includes loans extended by affiliates of First Virginia Bank – Hampton Roads within their market area. These affiliates include, but are not limited to, FVMC and FVCSI. Community development loans, investments, and community development services were considered for the period from the previous evaluation in July of 1999 through June 30, 2001. Any

investment outstanding as of the examination date was also considered regardless of when made.

The institution was evaluated using the interagency examination procedures developed by the Federal Financial Institution's Examination Council. These procedures were applied to the metropolitan assessment area because of its relative size measured by loan activity, proportion of bank deposits, and market population and the overall rating is based on its performance in this area. For assessment areas subject to the limited review procedures, a determination was made as to whether performance was consistent with the assigned overall rating.

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

### **LENDING TEST**

An analysis of lending for the review periods is discussed in greater detail in the report. The lending test is rated high satisfactory overall based on lending activity, distribution of loans, and community development lending. Area demographic data, Dun & Bradstreet (D&B) business data, and market aggregate information are used as proxies for demand when evaluating the bank's performance. Aggregated data for 1999 is used as the 2000 data is not yet available. Aggregated data includes First Virginia – Hampton Roads and all other reporting institutions that originated and/or purchased loans of the type considered within the bank's assessment area. When evaluating overall performance, products were weighted primarily according to dollar volume although the number of loans was considered when evaluating each loan product.

#### 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 – Hampton Roads is an active lender. A bank's loan-to-deposit ratio is one measure of its lending relative to its capacity. 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 – Hampton Roads ranged from 76.4% to 79.7%. The bank's average loan-to-deposit for the same period equaled 75.5% and ranged from 66.8% to 81.3%. Currently (March 31, 2001), the ratio equals 79.8%. No barriers to the bank's ability to lend were noted.

Various loan products are available through the institution including consumer, residential mortgage, home equity, and commercial loans. Mortgage loans offered by the bank include fixed-rate home equity loans, FHA Title I home improvement loans, and home equity lines of credit. Lending by FVMC and FVCSI also contribute in meeting the credit needs of the institution's assessment areas. Since the previous examination, FVMC has begun offering loans only through the internet. While lending has dropped, the

bank extended the maximum loan term on its mortgage loans from 15 to 20 years which may offset some of the decline. FVCSI originates a significant number of indirect automobile instalment loans within the bank's markets. The bank does not directly offer credit cards but maintains a business relationship with MBNA, Incorporated, a credit card bank headquartered in Delaware, to provide qualified customers with credit cards. The table below illustrates that lending primarily targets the retail market with an emphasis on motor vehicle lending. The following table depicts lending by the bank and its affiliates within the bank's assessment areas in the designated categories.

First Virginia Bank – Hampton Roads				
Loan Originations/Purchases Including Affiliates				
January 1, 1999, to December 31, 2000				
	Total Loans	Percentage of Lending	Total Dollar Amount (000's)	Percentage of Lending
Small Business*	433	2.6%	\$37,905	16.0%
Small Farm *	40	0.2%	\$929	0.4%
Home Mortgage Disclosure Act (HMDA) *	1,341	8%	\$57,280	24.3%
<i>HMDA Subtotals*</i>				
<i>Home Purchase*</i>	<i>149</i>	<i>0.9%</i>	<i>\$11,941</i>	<i>5.1%</i>
<i>Refinancing*</i>	<i>693</i>	<i>4.1%</i>	<i>\$37,344</i>	<i>15.8%</i>
<i>Home Improvement*</i>	<i>499</i>	<i>3%</i>	<i>\$7,995</i>	<i>3.4%</i>
Small Business-Real Estate Secured	0	0%	\$0	0%
Home Equity (nonHMDA)	713	4.3%	\$26,197	11.1%
Motor Vehicle	5,570	33.2%	\$88,121	37.3%
Other Consumer Secured	1,221	7.3%	\$10,876	4.6%
Other Consumer Unsecured	7,434	44.4%	\$14,890	6.3%
Totals	16,752	100%	\$236,198	100%

\* The bank is required to collect and report information about these types of loans.

In an effort to meet the needs of its local communities, the bank offers and/or participates in various specialized loan programs that offer flexible underwriting criteria and benefit low- and moderate-income people or promote economic development. Included in the preceding lending volume table are 153 FHA Title I home improvement loans totaling \$1.8 million and 50 affordable housing program loans originated by FVMC totaling \$4.7 million. The bank also extends credit in conjunction with the Small Business Administration and extended two loans totaling \$220,000 during the review period. The bank has also partnered with the Virginia Health Care Foundation in the Healthy Communities Loan Fund, which promotes and funds local public-private partnerships that increase access to primary health care services for medically underserved and uninsured residents of the Commonwealth. One loan totaling \$150,000 was extended through the Healthy Communities Loan Fund since January 1, 1999.

### Assessment Area Concentration

The following table depicts the distribution of the bank's lending inside and outside its assessment areas. Affiliate lending is not included in the table.

Loan Category	IN				OUT			
	#	%	\$ (000's)	%	#	%	\$ (000's)	%
Small Business	432	93.7%	\$36,905	94.6%	29	6.3%	\$2,091	5.4%
Small Farm	40	100%	\$929	100%	0	0%	\$0	0%
HMDA	1,178	90.3%	\$41,626	89.8%	127	9.7%	\$4,704	10.2%
Consumer	10,597	92.4%	\$69,549	90.9%	872	7.6%	\$6,999	9.1%
Total	12,247	92.3%	\$149,009	91.5%	1,028	7.7%	\$13,794	8.5%

As indicated above, a substantial majority of the number and dollar amounts of loans have been provided to assessment area residents. Overall, the percentage of loans made in the bank's assessment areas is considered responsive to community credit needs.

### Borrower and Geographic Distribution

The penetration of small business, HMDA, and consumer loans among geographies of different income levels within the assessment areas is considered adequate. The level of lending to businesses of varying sizes and borrowers of varying incomes, including low- and moderate-income borrowers, is considered good. The bank's performance was compared to various

demographic proxies for demand, as well as available aggregate loan data.

### Community Development Loans

The bank has extended four loans since the prior examination totaling \$3 million that are considered community development loans. In general, the loans were extended to facilitate childcare and child development services and provide low-income housing. Community development lending activities are discussed in detail in the applicable market areas, which follow this section.

### **INVESTMENT TEST**

The institution's level of responding to community development needs through its investment activities is rated high satisfactory. Qualified community development investments consist of Virginia Housing Development Authority (VHDA) bonds, which provide housing assistance to low- and moderate-income families through mortgage loans within Virginia. As of the examination date, the bank had \$3.8 million in VHDA bonds and equity investments totaling \$1.1 million in Virginia Community Development Corporation's Housing Equity and Historic Equity Funds. These funds invest in affordable housing projects throughout the Commonwealth that are eligible for low-income housing tax credits. Further, a \$65,000 equity investment is maintained in Virginia Capital, LLC, which operates a licensed small business investment company (SBIC), Virginia Capital SBIC, LP. Other qualified investments include the ownership of stock (\$200,000) in a local minority-owned financial institution. Since the previous evaluation, the bank has also contributed \$12,350 to a variety of organizations that primarily assist low- and moderate-income areas or residents or promote economic development within the various assessment areas. Investments targeting specific markets are discussed in each assessment area evaluation.

### **SERVICE TEST**

The overall rating under the service test is high satisfactory. Delivery systems, branch locations, and hours of operation are considered readily accessible and convenient to all portions of the assessment areas. The bank's participation in a variety of community organizations is considered responsive to community needs. Since the previous examination, five offices have either been closed or divested and no new offices have been opened. The branch closures have not adversely affected the bank's ability to serve low- and moderate-income areas. A branch closing policy has been adopted as required by the Federal Deposit Insurance Corporation Improvement Act of 1991.

### **COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS**

No credit practices inconsistent with the substantive provisions of the fair housing and fair lending laws and regulations were



identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

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

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE HAMPTON ROADS ASSESSMENT AREA:**

The Hampton Roads assessment area encompasses a large portion of the Norfolk-Virginia Beach-Newport News MSA and includes all of the following cities and counties:

<b>Cities</b>		
Chesapeake	Norfolk	Suffolk
Hampton	Poquoson	Virginia Beach
Newport News	Portsmouth	Williamsburg

  

<b>Counties</b>		
Gloucester	James City	Mathews
	York	

The assessment area population is 1,369,596. According to 1990 census data, housing is generally considered affordable with a median family income of \$35,395 and a median housing value of \$90,133. The owner-occupancy rate for the market is 58.6%, which is slightly lower than that of the MSA (59.6%) and lower than that of the Commonwealth (66.2%). The assessment area poverty rate (9.1%) approximates that of the MSA (9.0%) and is somewhat higher than the Commonwealth (7.7%). The 1999 and 2000 estimated median family incomes for the MSA are \$48,000 and \$49,300, respectively.

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

Assessment Area Demographics

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	18.8%	19.1%	24.1%	38%	100%
Percentage of Population Residing in Census Tracts by Income Level of Tract	6.6%	18.1%	48%	25.3%	100%
Percentage of Owner-Occupied Housing Units by Income Level of Tract	2.9%	11.7%	51.7%	33.7%	100%
Number of Tracts by Income Level	31	68	130	75	304*
Percentage of Families Below Poverty Level by Income Level of Tract	44.8%	15.1%	6.6%	2.2%	NA
Percentage of Businesses Located in Census Tracts by Income Level	4.1%	14.8%	49.2%	31.9%	100%

\* There are also 24 local census tracts that did not report family income as of the 1990 census. Only seven of these areas have any population.

The region supports a diverse economy based in heavy manufacturing, agriculture and fishing, high-tech industry, and federal and state government funded projects and industry. Some of the major industries include shipbuilding, metal fabrication, agricultural production and processing, chemical manufacturing, and tourism. The area is also home to several military bases, colleges and universities, and NASA. The table below provides local unemployment rates for jurisdictions within the assessment area. The May 2001 unemployment rate for the Commonwealth was 2.2%.

Area Unemployment Rates as of May 2001			
James City County	1.3%	Suffolk City	2.3%
York County	1.3%	Hampton City	2.6%
Gloucester County	1.6%	Newport News City	2.9%
Poquoson City	1.7%	Portsmouth City	3.8%
Chesapeake City	2.0%	Norfolk City	3.9%
Mathews County	2.0%	Williamsburg City	3.9%
Virginia Beach City	2.0%		

Within this market, the bank operates 41 full-service branches and one facility located in an area shopping mall. As of June 2000, First Virginia Bank – Hampton Roads ranked sixth in deposit market share having 4.9% of the assessment area’s available FDIC insured deposits (credit union deposits are not included). According to 1999 aggregate data, the institution ranked 16<sup>th</sup> in reported small business lending with a 1.1% market share and does not rank in the top 30 residential mortgage lenders. When reviewing the reported residential mortgage data in detail, the bank ranks seventh for home improvement lending (4% market share), 28<sup>th</sup> for residential mortgage refinancings (1.1% market share), and does not rank in top 30 as a home purchase lender.

A community contact with a representative from local government was made and focused on economic development. The contact indicated that local financial institutions were active in a number of joint public-private efforts to promote economic development in the City of Hampton.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE HAMPTON ROADS ASSESSMENT AREA:**

**LENDING TEST**

Lending Activity

Bank lending activity within this assessment area is consistent with the percentage of branch offices (83.7%) and deposits (77.4%) in the assessment area.

Geographic Distribution of Loans

The following tables present data about the bank’s lending. Two farm loans totaling \$135,000 were extended during the review period within this assessment area. Additional analysis of such a small volume of loans would not yield meaningful information.

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

The bank reported a total of 12,848 consumer loans within the Hampton Roads market. Four loans were reported in census tracts that do not have a median family income according to 1990 census data and are not included in the following analysis.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	225	1,247	6,869	4,503	12,844
Percentage of Total Loans	1.8%	9.7%	53.4%	35.1%	100%
Total Amount of Loans (000's)	\$1,372	\$8,895	\$63,818	\$49,526	\$123,611
Percentage of Total Amount	1.1%	7.2%	51.6%	40.1%	100%

As noted previously, within the market's demographic description, 6.6% of the local residents reside in low-income areas and 18.1% reside in moderate-income areas. The bank's level of penetration into low- and moderate-income areas for consumer loans (11.5%) is lower than the population residing in such areas. Within the market, 44.8% of the low-income area families and 15.1% of the moderate-income area families are below the poverty level. The concentration of impoverished residents, particularly in low-income census tracts, most likely reduces the overall demand for credit from many residents of these areas. While the bank's geographic distribution performance has improved since the previous evaluation, the bank's level of consumer lending in low- and moderate-income areas remains marginally adequate when considering the population in such tracts in conjunction with the poverty rates.

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

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number	21	122	553	349	1,045

of Loans					
Percentage of Total Loans	2%	11.7%	52.9%	33.4%	100%
Total Amount of Loans (000's)	\$827	\$5,806	\$22,600	\$14,361	\$43,594
Percentage of Total Amount	1.9%	13.3%	51.9%	32.9%	100%

The bank's level of lending in low- and moderate-income areas is consistent with the percentage of owner-occupied housing units in such tracts. Additionally, bank lending is consistent with 1999 aggregate HMDA lending in low-income tracts (2.3%) and exceeds performance in moderate-income tracts (9.8%). The bank's lending distribution is considered good.

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

Within the Hampton Roads assessment area, the bank reported a total of 292 small business loans. Five of these loans (\$501,000) were extended to businesses located in census tracts that did not report a family income, per 1990 census data, and are not included in the following table.

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	5	40	142	100	287
Percentage of Total Loans	1.7%	13.9%	49.5%	34.9%	100%
Total Amount of Loans (000's)	\$292	\$5,626	\$14,188	\$11,180	\$31,286
Percentage of Total Amount	0.9%	18%	45.4%	35.7%	100%

Bank lending to businesses in low-income tracts is below the percentage of businesses in these tracts (4.1%). In the case of moderate-income tracts, bank lending in is only slightly below the 14.8% of businesses in such tracts. According to 1999

aggregate small business data, of all lenders required to report data in this market 3.0% of loans were extended to businesses located in low-income areas and 13.1% were extended to businesses in moderate-income areas. As indicated in the preceding chart, First Virginia Bank – Hampton Roads’ volume of lending in low- and moderate-income areas compares more favorably to the aggregate data. This level of performance is considered good.

Borrower Profile

The tables that follow present data about bank lending to borrowers of different income levels and to businesses of different sizes. Discussion of the bank’s performance follows each table.

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

The bank collected data on a total of 12,478 consumer loans within the assessment area; however, 1,383 of the transactions did not contain income data and, therefore, are not included in the analysis.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	2,134	2,934	2,691	3,361	11,120
Percentage of Total Loans	19.2%	26.4%	24.2%	30.2%	100%
Total Amount of Loans (000's)	\$8,212	\$25,211	\$29,820	\$55,490	\$118,733
Percentage of Total Amount	6.9%	21.2%	25.1%	46.8%	100%

Of the consumer loans included in the review period, 45.6% were to low- or moderate-income borrowers. This level of lending exceeds the proportion of area families that are low- (18.8%) and moderate-income (19.1%) and is considered good.

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

The bank reported a total of 1,046 HMDA loans within the assessment area. Twenty-one of the transactions did not contain income data and, therefore, are not included in the analysis.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	84	252	270	419	1,025
Percentage of Total Loans	8.2%	24.6%	26.3%	40.9%	100%
Total Amount of Loans (000's)	\$2,190	\$9,536	\$10,630	\$20,134	\$42,490
Percentage of Total Amount	5.2%	22.4%	25%	47.4%	100%

In cases where income was known, 8.2% of the HMDA loans reported by the bank were to low-income borrowers and 24.6% were to moderate-income borrowers. This level of lending is consistent with the 1999 aggregate HMDA data which indicates that when income was known 7.7% of all loans by all HMDA reporters were to low-income borrowers and 24.2% were to moderate-income borrowers. While lending is somewhat below the proportion of low- (18.8%) and moderate- (19.1%) income families, the bank's performance is considered good when also considering market demand as measured by aggregate data.

Distribution of Lending by Loan Amount and Size of Business

*(Includes Affiliate Lending)*

	\$0 - \$100,000		>\$100,000 0 to \$250,000		> \$250,000		Total	
Total Revenues ≤ \$1 Million	154	53.1%	25	8.6%	15	5.2%	194	66.9%
Total Revenues > \$1 Million	70	24.1%	12	4.2%	14	4.8%	96	33.1%
Totals	224	77.2%	37	12.8%	29	10%	290	100%
Loans With Revenues Not Reported	1		0		1		2	

Based on demographic data from D&B, within this assessment area 91.2% of local businesses that have reported revenue data have annual revenues of \$1 million or less. According to 1999 aggregate small business data, at least 57.3% of all small business loans reported within the market area were to businesses with revenues of \$1 million or less. The remaining loans were extended to businesses having revenues in excess of \$1 million per annum or revenue data was not reported. As indicated in the table, 66.9% of the bank's loans were to entities with revenues of \$1 million or less and 53.1% of these loans were in amounts of \$100,000 or less. This level of small business lending is considered adequate.

Community Development Loans

Since the previous evaluation through June 30, 2001, the bank has extended over \$3 million in qualified community development loans within the Hampton Roads assessment area. A \$750,000 loan and \$1 million line of credit were extended to a nonprofit organization that provides childcare and child development services within the Hampton Roads and Eastern Shore market areas. Most of the children attending the program come from low- or moderate-income families and/or areas. The bank has also extended a \$1.25 million loan to a nonprofit corporation for the acquisition of a multifamily apartment complex. The apartments will be renovated and rented to low-income residents.



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

## **INVESTMENT TEST**

The overall level of qualified investments within the assessment area is considered good. In addition to its statewide investments, the bank receives credit for an equity investment by First Virginia Banks, Incorporated, in a local minority-owned financial institution. First Virginia Bank – Hampton Roads has been allocated \$200,000 of this investment. The institution has also routinely made contributions to organizations that primarily serve either low- and moderate-income areas or residents or promote economic development within the assessment area. Since the previous evaluation, the bank has contributed \$6,000 to charitable organizations within this assessment area.

## **SERVICE TEST**

### Accessibility of Delivery Systems

Delivery systems are accessible to all portions of the assessment area. Automated teller machines (ATMs) are available and, through a network, provide customers with 24-hour nationwide access. Bank-by-mail, loan-by-phone, and bank-by-computer services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system.

### Branch Locations and Hours of Operation

The institution has 41 offices within this assessment area, of which five (12.2%) are located in moderate-income census tracts. Additionally, branch locations and business hours are considered convenient and meet the needs of the assessment area. Most branches offer Saturday hours and have drive-through facilities that are open extended hours.

Since the previous examination, the bank has not opened any new branch offices and has closed four offices, of which two were located in upper-income areas, one in a middle-income area, and one in a moderate-income area. The closings have not adversely affected access to the bank's services.

### Community Development Services

Various bank officers and staff provide technical expertise to several organizations providing community development services within the Hampton Roads market area. In general, the organizations provide for microenterprise development, job training and life skills, and/or to revitalize low- and moderate-income communities within the market. These organizations include, but are not limited to, the Hampton Roads Economic Development Alliance, Small Business Development Center of Hampton Roads, Peninsula Alliance for Economic Development, and Ocean View Development Commission.

Systems for delivering retail-banking services appear effective and available to all portions of the assessment area, including low- and moderate-income areas. Further-more, the bank's provision of community development services within the market area is considered responsive to community needs.

**NONMETROPOLITAN STATEWIDE AREAS**

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

The Eastern Shore, Middlesex, and Surry nonmetropolitan assessment areas were reviewed using the limited review examination procedures. The following table indicates for each test whether performance in an assessment area was generally below, consistent with, or exceeded performance for the institution overall. In all cases performance was at least adequate.

Assessment Area	Lending Test	Investment Test	Service Test
Eastern Shore	Consistent	Consistent	Consistent
Middlesex	Exceeds	Consistent	Consistent
Surry	Exceeds	Consistent	Consistent

Facts and data reviewed, including performance and demographic information, can be found in the following tables.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE EASTERN SHORE ASSESSMENT AREA:**

This assessment area includes all of Accomack and Northampton Counties, Virginia. There are no low- or upper-income geographies within the assessment area.



First Virginia Bank – Hampton Roads Loan Originations/Purchases								
	Loans in Moderate-Income BNAs		Loans to Low-Income Borrowers		Loans to Moderate-Income Borrowers		Loans to Businesses with Revenues ≤ \$1 Million	
	#	%	#	%	#	%	#	%
Small Business	19	19.0%	NA	NA	NA	NA	96	96%
Small Farm	13	54.2%	NA	NA	NA	NA	24	100%
HMDA	36	27.8%	15	11.7%	29	22.7%	NA	NA
Consumer	406	35.6%	219	21%	274	26.3%	NA	NA
1999 Aggregate Loan Originations/Purchases								
Small Business		35.1%		NA		NA		88%
Small Farm		42.5%		NA		NA		97.5%
HMDA		31.9%		8.8%		17.7%		NA

### Community Development Loans

As previously noted in the Hampton Roads market area, two loans totaling \$1.75 million have been extended since the previous examination to a nonprofit organization that provides childcare and child development services within the Hampton Roads and Eastern Shore market areas. Most of the children attending the program come from low- or moderate-income families.

### **INVESTMENT TEST**

In addition to its statewide investments, the bank since the previous evaluation has also contributed \$5,600 to organizations that primarily assist low-income residents in purchasing housing and improving literacy.

## SERVICE TEST

The bank operates four branches within this assessment area, one (25%) of which is located in a moderate-income area. No offices have been opened or closed since the previous examination within the market. Banking services offered in this assessment area are substantially the same as the services available to other communities the bank serves. Within the community, two bank officers serve as members of the board of directors of the Eastern Shore Habitat for Humanity.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE MIDDLESEX ASSESSMENT AREA:

This assessment area includes all of Middlesex County, Virginia. There are no low-, moderate-, or upper-income geographies within the assessment area.

### Assessment Area Demographics

BNAs in Assessment Area/Low-and Moderate-Income BNAs	4/0	Median Family Income (2000)	\$39,800
Population	8,653	Poverty Rate (Families)	9%
Median Housing Value	\$75,341	Owner-Occupancy Rate	82.3%
% of Businesses with Revenues $\leq$ \$1 million			91.2%

Within the assessment area, 16.3% of all families are low-income and 16.8% are moderate-income.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE MIDDLESEX ASSESSMENT AREA:

### LENDING TEST

The bank did not report any small farm loans within the assessment area during the review period.

First Virginia Bank – Hampton Roads Loan Originations/Purchases						
	Loans to Low-Income Borrowers		Loans to Moderate-Income Borrowers		Loans to Businesses with Revenues ≤ \$1 Million	
	#	%	#	%	#	%
Small Business	NA	NA	NA	NA	26	76.5%
HMDA	17	12.1%	39	27.9%	NA	NA
Consumer	166	23.5%	198	28.1%	NA	NA
1999 Aggregate Loan Originations/Purchases						
Small Business		NA		NA		65.2%
HMDA		6.7%		17.5%		NA

### **INVESTMENT TEST**

Limited investment opportunities are available in this predominately rural community and the bank invests in statewide investments that serve all parts of the Commonwealth. Since the previous evaluation, the bank has also contributed \$500 to a local organization that benefits at risk students.

### **SERVICE TEST**

The bank operates three branches within this assessment area. Since the previous examination, the bank's only office located in Lancaster County, Virginia, was divested and Lancaster County is no longer included in the market area. Banking services offered in this assessment area are substantially the same as the services available to other communities the bank serves.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE SURRY ASSESSMENT AREA:**

This assessment area includes all of Surry County, Virginia. There are no low-, moderate-, or upper-income tracts within the assessment area.

Assessment Area Demographics

BNAs in Assessment Area/Low- and Moderate-Income BNAs	2/0	Median Family Income (2000)	\$39,800
Population	6,145	Poverty Rate (Families)	10.6%
Median Housing Value	\$61,245	Owner-Occupancy Rate	76.7%
% of Businesses with Revenues $\leq$ \$1 million			95.6%

Within the assessment area, 16.4% of all families are low-income and 15.4% are moderate-income.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE SURRY ASSESSMENT AREA:**

**LENDING TEST**

First Virginia Bank – Hampton Roads Loan Originations/Purchases						
	Loans to Low-Income Borrowers		Loans to Moderate-Income Borrowers		Loans to Businesses with Revenues $\leq$ \$1 Million	
	#	%	#	%	#	%
Small Business	NA	NA	NA	NA	7	100%
Small Farm	NA	NA	NA	NA	14	100%
HMDA	1	4.8%	4	19.1%	NA	NA
Consumer	38	22.1%	34	19.8%	NA	NA
1999 Aggregate Loan Originations/Purchases						
Small Business		NA		NA		76.1%
Small Farm		NA		NA		100%
HMDA		9.8%		18.8%		NA

**INVESTMENT TEST**

Limited investment opportunities are available in this predominately rural community and the bank invests in statewide investments that serve all parts of the Commonwealth. Since the previous evaluation, the bank has also contributed \$250 to an organization that promotes job creation within the market area.

### **SERVICE TEST**

The bank operates one branch within this assessment area and no offices have been opened or closed since the previous examination. Banking services offered in this assessment area are substantially the same as the services available to other communities the bank serves.



## APPENDIX A – Scope of Examination

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION	
ASSESSMENT AREA	TYPE OF EXAMINATION
Hampton Roads	Full Procedures
Eastern Shore	Limited Procedures
Middlesex	Limited Procedures
Surry	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 multifamily housing) cannot also be reported as community development loans.

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

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

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

**Income Level** includes:

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

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

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

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

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

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

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

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