



## Public Disclosure

August 30, 1999

# Community Reinvestment Act Performance Evaluation

The National Bank of Fredericksburg  
Charter Number: 1582  
2403 Fall Hill Avenue  
Fredericksburg, Virginia 22401

Office of the Comptroller of the Currency

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**NOTE:** 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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## General Information

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the CRA performance of **The National Bank of Fredericksburg** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **August 30, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

## Definitions and Common Abbreviations

The following terms and abbreviations 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.

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

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

**Community Development (CD)** - 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 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.

**Full-Scope Review** - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**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 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).

**Home Mortgage Loans** - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**Limited-Scope 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, branch distribution).

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

**Median Family Income (MFI)** - 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.

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

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

**Small Business Loans** - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Farm Loans** - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to

farmers.

**Tier 1 Capital** - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income** - Income levels that are 120% or more of the MFI.

## 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	The National Bank of Fredericksburg Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve		X	
Substantial Noncompliance			

\* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- < The bank’s lending activity reflected good responsiveness to credit needs in its assessment area, generating a total of 2,191 home mortgage, small business and consumer loans totaling \$60.8 million.
- < A substantial majority of the loans analyzed for this review (90%) were made within the bank’s assessment area. The ratios were 89% and 92% for residential mortgage and small business loans, respectively.
- < 1997 market share data indicates NBF made 1% of the residential mortgage loans reported in its assessment area, ranking 27th out of 294 lenders and behind nineteen mortgage companies, three savings banks, one military credit union, and three larger banks.
- < Geographic distribution of loans in the assessment area was excellent, with lending in moderate-income geographies exceeding the population statistics for each category of lending analyzed.
- < Borrower distribution of loans was good, with lending for low- and moderate-income borrowers slightly lower or exceeding demographic statistics for each category of lending analyzed.

- < Community development lending was at an adequate level with the bank making four loans for affordable housing or for activities that promote economic development by financing businesses that have gross annual revenues of \$1 million or less.
- < A poor level of qualified investments were made, reflecting poor responsiveness to credit and community development needs.
- < Service delivery systems were accessible to geographies and individuals of different income levels in the assessment area.
- < Community development services are provided at an adequate level.

## Description of Institution

The National Bank of Fredericksburg (NBF) was chartered in 1865. It is headquartered in Fredericksburg, Virginia and all of its offices and automated teller machines (ATMs) are located within the State of Virginia. NBF has defined one assessment area, comprised of Spotsylvania County, Stafford County, and the City of Fredericksburg. This area is part of the Washington, DC-MD-VA-WV MSA (#8840).

The bank operates a total of nine branches and nine ATMs, including eight full-service ATMs and one stand-alone ATM within this area. Within its assessment area, NBF's competitors include 31 other FDIC-insured financial institutions which operate 51 offices, and hold \$1.3 billion in deposits. NBF operates 15% of the offices in the area and holds 15% of the deposits. There is heavy competition among financial institutions in the bank's AA, including independent community banks, regional bank affiliates, interstate bank affiliates, federal savings banks, credit unions, and mortgage companies. The 1997 market share reports show that there were 294 mortgage lenders, including NBF; 36 small business lenders, including NBF; and three small farm lenders, excluding NBF.

NBF is a wholly-owned subsidiary of Mercantile Bankshares Corporation (Mercshares), a \$7.2 billion bank holding company headquartered in Baltimore, Maryland. As of May 1997, Mercshares was parent to twenty-two other community banks and four nonbank companies.

As of June 30, 1999, NBF's total assets were approximately \$265 million. Approximately 57% of total assets was comprised of loans, with loans distributed as follows: construction and land development, 9%; secured by farmland, less than 1%; secured by residential properties, 38%; secured by nonfarm nonresidential properties, 36%; commercial and industrial loans, 9%; consumer loans, 5%; and other loans, 2%. Tier 1 capital was approximately \$27 million.

NBF makes a variety of loan products, including mobile home loans, government guaranteed or insured real estate loans and business loans, credit cards, and a first-time home buyers loan program. However, NBF focuses on lending for nonresidential building operators, residential subdividers and developers, and medical physician offices.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its assessment area.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

The bank's last CRA evaluation is dated April 28, 1997; it was based on and quoted lending data for 1996. This evaluation uses lending data for 1997 and 1998; investment data for April 28, 1997 through May 30, 1999; and service data for April 28, 1997 through August 30, 1999.

### **Data Integrity**

The accuracy of data used in the evaluation of the bank's performance was verified by comparing selected samples to source documents. Samples were evaluated for HMDA data, small business lending data, community development loans, and community development investments. No errors were noted in the review of these data that would affect conclusions for CRA.

### **Other**

One community contact was performed of a governmental office in Fredericksburg. Information regarding the assessment area and the contact's impression of local banks in meeting credit needs was obtained. The contact felt that NBF was one of the top two banks in meeting credit needs. However, it was indicated that there is a need for more training for first-time home buyers.

For information about opportunities for CD loans, investments, and services that was obtained from sources other than the community contact, see the applicable sections of this evaluation.

## **Fair Lending Review**

A limited scope review of fair lending was conducted during this evaluation using the OCC's large bank fair lending examination procedures and alternative fair lending analysis procedures. Due to the small volume of the bank's denied loan applications and the temporary misplacement of some of the files, we were unable to construct a sample for a comparative analysis of approved and denied files during our evaluation.

Using alternative fair lending analysis procedures, a sample of ten application files was pulled and reviewed for compliance with sections 202.6 and 202.7 of Regulation B.

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified.

## 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.

#### Lending Activity

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.

Lending levels reflect good responsiveness to assessment area credit needs. A substantial majority of the loans analyzed for this review (90%) were made within the bank's assessment area. The ratios were 89% and 92% for residential mortgage and small business loans, respectively. Within its AA, NBF's distribution of residential mortgage loans was 23% for home purchase loans, 21% for refinance loans, 55% for home improvement loans, and 1% for multi-family structure loans.

During 1997, NBF made 1% of the residential mortgage loans reported in its assessment area by financial institutions that reported lending activity under the Home Mortgage Disclosure Act. It ranked 27th out of 294 lenders and behind nineteen mortgage companies, three savings banks, one military credit union, and three larger banks. NBF processes mortgage loan applications that are underwritten and funded by a large mortgage company or the Virginia Housing Development Authority. Lenders are not permitted to report brokered mortgages on their HMDA reports, so the numbers used in evaluating the bank's efforts under the Lending Test do not include brokered mortgages. The bank is given credit for this activity under the Service Test (see Community Development Services). As of June 30, 1998, NBF composed 15% of the 32 FDIC-insured institutions with banking offices in its assessment area and held approximately 15% of the insured deposits. It ranked second in deposit market share in the AA, after The Fredericksburg Savings and Loan.

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

##### *Home Mortgage Loans*

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

NBF's geographic distribution of loans reflects excellent penetration throughout

the assessment area. As indicated in the demographic data, there are no low- or upper-income census tracts in the bank's assessment area. Lending in moderate-income census tracts exceeds the demographics for each type of home mortgage loan. There were no unexplained gaps in the bank's lending patterns.

### ***Small Business Loans***

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's small business loan originations.

NBF's geographic distribution of small business loans reflects excellent penetration throughout the assessment area. As indicated in the demographic data, there are no low- or upper-income census tracts in the bank's assessment area. Lending in moderate-income census tracts exceeds the demographics.

### ***Small Farm Loans***

NBF did not make any small farm loans in its assessment area during this evaluation period. While the 1990 demographics indicate there were 92 farms in the bank's assessment area, the number has declined due to the exceptional growth in residential communities. This was determined from visual observation; updated statistics were not available. Market data indicates that eight (8) farm loans totaling \$209 thousand were made by three of the other 31 FDIC-Insured financial institutions operating in the area.

### ***Consumer Loans***

Refer to Table 14 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations.

NBF's geographic distribution of consumer loans reflects excellent penetration throughout the assessment area. As indicated in the demographic data, there are no low- or upper-income census tracts in the bank's assessment area. Lending in moderate-income census tracts exceeds the demographics. Consumer loans do not constitute a significant portion of the bank's business; NBF chose to provide consumer loan data for our review.

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

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

Refer to Tables 7, 8 and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations.

The borrower distribution for the bank's home mortgage loans made in its AA reflected a good distribution among individuals of different income levels. The bank's percentage of home purchase loan originations for low- and moderate-income borrowers were slightly lower than family statistics, but for home improvement and refinance loans, exceeded family statistics.

### ***Small Business Loans***

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's small business loan originations.

The bank's lending to businesses with revenues of \$1 million or less at 69%, while less than the percentage of businesses that size at 92%, is a good distribution and compares favorably to the market at 50%. Its market share for loans to such businesses at 17% exceeds its market share for all businesses at 12%.

### ***Small Farm Loans***

NBF did not make any small farm loans in its assessment area during this evaluation period. While the 1990 demographics indicate there were 83 farms in the bank's assessment area with revenue known, all with revenue less than or equal to \$1 million, the number has declined due to the exceptional growth in residential communities. This was determined from visual observation; updated statistics were not located. The 88% of lending to farms with revenue less than or equal to \$1 million by other institutions in the assessment area is composed of seven (7) loans totaling \$194 thousand.

### ***Consumer Loans***

Refer to Table 14 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations.

The borrower distribution for the bank's consumer loans made in its AA reflected a good distribution among individuals of different income levels. NBF's borrower distribution for low-income borrowers significantly exceeded the percentage of households at that level and approximated the level of households at the moderate-income level. While consumer loans do not constitute a significant portion of the bank's business, NBF chose to provide consumer loan data for our review.

### **Community Development Lending**

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

The level of community development lending was adequate. The bank made four community development loans approximating \$2 million. The outstanding balances currently approximate \$860 thousand and the unfunded balances approximate \$646 thousand. Two of the loans were made to a private developer for the construction of multi-family, affordable housing and the other two were made to a governmental, economic development entity to fund micro enterprise loans for small businesses. The business loans are small in size and address difficult to meet credit needs, because the companies are entrepreneurial.

### **Product Innovation and Flexibility**

NBF does not offer any products that are innovative in meeting the credit needs of low- or moderate-income individuals or geographies, but offers two loan programs that are flexible. The first is a fixed rate home equity loan at a .50% reduction in the interest rate. During the evaluation period, the bank made fourteen of these home equity loans approximating \$269 thousand. The second program, known as "NBF 97", is a program for first-time home buyers that requires a 3% down payment and offers a .25% reduction in the interest rate. During the evaluation period, four loans approximating \$292 thousand were made under the first-time home buyers program.

### **INVESTMENT TEST**

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

The bank's performance under the Investment Test is rated Needs To Improve.

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

A poor level of investments were made, reflecting poor responsiveness to credit and community development needs. During the evaluation period, the bank made investments totaling \$33,291 in the form of charitable donations, categorized as follows:

- |   |          |
|---|----------|
| - For affordable housing for low- or moderate-income                        | \$15,230 |
| - For community services for low- or moderate-income                        | \$16,761 |
| - For activities that revitalize or stabilize low- or moderate-income areas | \$ 1,300 |

We are aware of the following opportunities for community development investments during the evaluation period in:

- (1) Approximately thirteen nonprofit organizations that accept donations (the bank made donations to all except one).
- (2) FNMA bonds secured by an affordable housing apartment complex (no

- purchase made).
- (3) Three multifamily apartment projects with low-income housing tax credits available for purchase (no purchase made).
  - (4) Virginia Housing Development Authority Multi-Family Housing bonds which financed low- and moderate-income housing throughout the State, including the bank's assessment area (no purchase made).

The bank specifically decided not to invest in investments 2 and 3.

## **SERVICE TEST**

### **Conclusions for Area Receiving Full-Scope Review**

The bank's performance under the Service Test is rated High Satisfactory.

### **Retail Banking Services**

Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

Service delivery systems are accessible to geographies and individuals of different incomes in the AA. As of the evaluation date, NBF had nine branches and eight deposit-taking ATMs, including one stand-alone, proprietary location. Branch distribution was 44% in moderate-income census tracts and 56% in middle-income census tracts, compared to census tract distribution of 31% and 41% and population distribution of 32% and 68%, respectively. During the evaluation period, NBF opened one branch in Stafford County in a middle-income census tract during February, 1999. It did not close any branches. NBF offers a "Loan By Phone" program that allows applicants to apply for a consumer loan without coming to the bank. Hours are tailored to meet the needs of the assessment area and extended hours, including Saturday hours, are offered at all locations.

### **Community Development Services**

NBF provided a high level of community development services.

NBF brokers and processes loans to low- and moderate-income borrowers for the Virginia Housing Development Authority (VHDA). During this evaluation period, NBF processed 21 VHDA mortgages totaling \$2.3 million in its assessment area.

Community development services are also provided in the assessment area through the participation of six bank employees in the following efforts:

- < Arranging financing for small businesses through the small business task

- force of the Rappahannock Area Bankers' Association.
- < Providing financial expertise for the Anne Hamrick Community House, a low-income pre-school.
- < Teaching first-time home buyers classes once a year for low- and moderate-income applicants for Virginia Housing Development Authority (VHDA) loans.
- < Assisting clients of the Adult Activity Center (adults with mental disabilities) in obtaining mortgage loans.
- < Conducting fund raising for an organization that assists homeless families.

According to the community contact, more first-time home buyers education is needed.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term "Full-Scope") and those that received a less comprehensive review (designated by the term "Limited-Scope").

<b>Time Period Reviewed</b>	Lending Test: January 1, 1997 to December 31, 1998 Investment Test: April 28, 1997 to May 30, 1999 Service Test: April 28, 1997 to August 30, 1999	
<b>Financial Institution</b>		<b>Products Reviewed</b>
The National Bank of Fredericksburg		
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A		
List of Assessment Areas and Type of Examination		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Washington, DC-MD-VA-WV MSA, #8840	Full-Scope	

## Appendix B: Market Profile for Full-Scope Area

### Part of the Washington, DC-MD-VA-WV MSA (#8840)

Demographic Information for Full-Scope Area: <b>Part of the Washington, DC-MD-VA-WV MSA (#8840)</b>						
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	4,415	0%	32%	68%	0%	0%
Farms by Geography	92	0%	28%	72%	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	= \$44,587	Median Housing Value				= \$111,738
HUD Adjusted Median Family Income for 1998	= \$72,300	Unemployment Rate (June, 1999)				= 1.9%
Households Below the Poverty Level	= 6%					

Source: 1990 U.S. Census and 1998 HUD updated MFI.

The bank has one assessment area (AA) in this MSA. The AA is comprised of part of the Washington, DC-MD-VA-WV MSA, including Stafford County, Spotsylvania County, and the City of Fredericksburg. The AA is located midway between the cities of Washington, D.C. and Richmond, VA. This AA is part of a high growth area and estimated to be the fastest growing section of the state. Population growth approximated 53% in the 1980's and was estimated at 39% from 1990 to 1998. Most of the growth has been in the counties, which have easier access to Interstate 95 and have lower property tax rates. The estimate for people commuting outside the area to work is 40%, with the estimate for Stafford County (which is closer to Washington, D.C.) estimated at approximately 70%. The major employer in the area is a hospital, located in the City of Fredericksburg. Other large employers include an insurance company, a credit card bank, a private college, and a distributor/subsidiary for a major retail store. The military also has three major bases in the area.

One community contact was performed of a governmental office in Fredericksburg. Information regarding the assessment area and the contact's impression of local banks in meeting credit needs was obtained. The contact felt that NBF was one of the top two banks in meeting credit needs. However, it was indicated that there is a need for more training for first-time home buyers.



## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

The tables cover the entire CRA evaluation period. 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; market rank is based on the number of loans made by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated by the bank as a percentage of the aggregate number of reportable loans originated by all lenders in the MSA/assessment area. The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated 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 rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of HMDA Home Improvement Loan Originations** - See Table 2.
- Table 4. Geographic Distribution of HMDA Refinance Loan Originations** - See Table 2.
- Table 5. Geographic Distribution of Small Business Loan Originations** - The percentage distribution of the number of small loans (< \$1 million) to businesses originated 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 rank and market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Farm Loan Originations** - The percentage distribution of the number of small loans (< \$500,000) to farms originated 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 rank and market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of HMDA Home Improvement Loan Originations** - See Table 7.
- Table 9. Borrower Distribution of HMDA Refinance Loan Originations** - See Table 7.
- Table 10. Borrower Distribution of Small Business Loan Originations** - Compares the percentage distribution of the number of small loans (< \$1 million) originated 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. The table also presents the percentage distribution of the number of loans originated 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 11. Borrower Distribution of Small Farm Loan Originations** - Compares the percentage distribution of the number of small loans (< \$500 thousand) originated 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. The table also presents the percentage distribution of the number of loans originated 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 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area.

**Table 13. Distribution of Branch and ATM Delivery System** - Compares the percentage distribution of the number of the bank's retail branches and ATMs in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography.

**Table 14. Geographic and Borrower Distribution of Consumer Loan Originations (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 the population 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 MSA/assessment area.

**Table 1. Lending Volume**

LENDING VOLUME													State: Virginia		Evaluation Period: January 1, 1997 TO December 31, 1998	
MSA/Assessment Area:	% of Total NBF Deposits in Rated Area	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Total Reported NBF Loans in Rated Area				
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)					
Full-Scope:																
Part of the Washington, DC-MD-VA-WV MSA	100%	190	\$9,086	333	\$36,235	0	\$0	4	\$2,050	523	\$45,321	100%				
Limited Scope:																

**Table 2. Geographic Distribution of Home Purchase Loan Originations**

Geographic Distribution: HOME PURCHASE													State: Virginia		Evaluation Period: January 1, 1997 TO December 31, 1998	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans	
	% Owner Occ Units	% NBF Loans	% Owner Occ Units	% NBF Loans	% Owner Occ Units	% NBF Loans	% Owner Occ Units	% NBF Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Part of the Washington, DC-MD-VA-WV MSA	NA	NA	29%	54%	71%	46%	NA	NA	53	< 1%	NA	1%	< 1%	NA	26	100%
Limited Scope:																

(\*) Based on 1997 Aggregate HMDA Data only.

**Table 3. Geographic Distribution of Home Improvement Loan Originations**

Geographic Distribution: HOME IMPROVEMENT																State: Virginia		Evaluation Period: January 1, 1997 TO December 31, 1998	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans				
	% Owner Occ Units	% NBF Loans	% Owner Occ Units	% NBF Loans	% Owner Occ Units	% NBF Loans	% Owner Occ Units	% NBF Loans		Overall	Low	Mod	Mid	Upp	#	% of Total			
Full-Scope:																			
Part of the Washington, DC-MD-VA-WV MSA	NA	NA	29%	39%	71%	61%	NA	NA	3	9%	NA	12%	8%	NA	129	100%			
Limited Scope:																			

(\*) Based on 1997 Aggregate HMDA Data only.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations**

Geographic Distribution: HOME MORTGAGE REFINANCE																State: Virginia		Evaluation Period: January 1, 1997 TO December 31, 1998	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans				
	% Owner Occ Units	% NBF Loans	% Owner Occ Units	% NBF Loans	% Owner Occ Units	% NBF Loans	% Owner Occ Units	% NBF Loans		Overall	Low	Mod	Mid	Upp	#	% of Total			
Full-Scope:																			
Part of the Washington, DC-MD-VA-WV MSA	NA	NA	29%	52%	71%	48%	NA	NA	74	< 1%	0%	1%	< 1%	0%	33	100%			
Limited Scope:																			

(\*) Based on 1997 Aggregate HMDA Data only.

**Table 5. Geographic Distribution of Small Business Loan Originations**

Geographic Distribution: SMALL BUSINESS		State: Virginia		Evaluation Period: January 1, 1997 TO December 31, 1998												
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% NBF Loans	% of Businesses	% NBF Loans	% of Businesses	% NBF Loans	% of Businesses	% NBF Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Part of the Washington, DC-MD-VA-WV MSA	NA	NA	32%	47%	68%	53%	NA	NA	4	12%	NA	15%	11%	NA	333	100%
Limited Scope:																

(\*) Based on 1997 Aggregate Small Business Data only.

**Table 6. Geographic Distribution of Small Farm Loan Originations**

Geographic Distribution: SMALL FARM		State: Virginia		Evaluation Period: January 1, 1997 TO December 31, 1998												
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans	
	% of Farms	% NBF Loans	% of Farms	% NBF Loans	% of Farms	% NBF Loans	% of Farms	% NBF Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Part of the Washington, DC-MD-VA-WV MSA	NA	NA	28%	0%	72%	0%	NA	NA	0	NA	NA	0%	0%	NA	0	100%
Limited Scope:																

(\*) Based on 1997 Aggregate Small Farm Data only.

**Table 7. Borrower Distribution of Home Purchase Loan Originations**

Borrower Distribution: HMDA HOME PURCHASE State: Virginia Evaluation Period: January 1, 1997 TO December 31, 1998																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Purchase Loans	
	% of Families	% NBF Loans*	% of Families	% NBF Loans*	% of Families	% NBF Loans*	% of Families	% NBF Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Part of the Washington, DC-MD-VA-WV MSA	21%	16%	26%	16%	29%	32%	24%	36%	53	< 1	< 1	< 1	< 1	1%	26	100%
Limited Scope:																

(\*) As a percentage of loans with borrower income information available. No information was available for 4% of loans originated by NBF.

(\*\*) Based on 1997 Aggregate HMDA Data only.

**Table 8. Borrower Distribution of Home Improvement Loan Originations**

Borrower Distribution: HOME IMPROVEMENT State: Virginia Evaluation Period: January 1, 1997 TO December 31, 1998																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Improvement Loans	
	% of Families	% NBF Loans*	% of Families	% NBF Loans*	% of Families	% NBF Loans*	% of Families	% NBF Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Part of the Washington, DC-MD-VA-WV MSA	21%	36%	26%	32%	29%	19%	24%	13%	3	9%	15%	10%	6%	7%	129	100%
Limited Scope:																

(\*) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated by NBF.

(\*\*) Based on 1997 Aggregate HMDA Data only.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations**

Borrower Distribution: HOME MORTGAGE REFINANCE																	State: Virginia		Evaluation Period: January 1, 1997 TO December 31, 1998			
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans							
	% of Families	% NBF Loans*	% of Families	% NBF Loans*	% of Families	% NBF Loans*	% of Families	% NBF Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total						
Full-Scope:																						
Part of the Washington, DC-MD-VA-WV MSA	21%	31%	26%	27%	29%	27%	24%	15%	74	< 1%	1%	< 1%	1%	1%	33	100%						
Limited Scope:																						

(\*) As a percentage of loans with borrower income information available. No information was available for 21% of loans originated by NBF.

(\*\*) Based on 1997 Aggregate HMDA Data only.

**Table 10. Borrower Distribution of Small Business Loan Originations**

Borrower Distribution: SMALL BUSINESS										State: Virginia		Evaluation Period: January 1, 1997 TO December 31, 1998		
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Business Loans					
	% of Businesses*	% NBF Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size			
Full-Scope:														
Part of the Washington, DC-MD-VA-WV MSA	92%	69%	50%	76%	11%	13%	12%	17%	333	100%	\$109			
Limited Scope:														

(\*) As a percentage of businesses with known revenues.

(\*\*) As a percentage of loans with revenue information available. No information was available for 0% of loans originated by NBF.

(\*\*\*) The market consists of all other Small Business reporters in NBF's assessment area and is based on 1997 Aggregate Small Business Data only.

(\*\*\*) Based on 1997 Aggregate Small Business Data only.

**Table 11. Borrower Distribution of Small Farm Loan Originations**

Borrower Distribution: SMALL FARM State: Virginia Evaluation Period: January 1, 1997 TO December 31, 1998											
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans		
	% of Farms*	% NBF Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size
Full-Scope:											
Part of the Washington, DC-MD-VA-WV MSA	100%	0%	88%	0%	0%	0%	0%	0%	0	100%	\$0
Limited Scope:											

(\*) As a percentage of farms with known revenues.

(\*\*) As a percentage of loans with revenue information available. No information was available for 0% of loans originated by NBF.

(\*\*\*) The market consists of all other Small Farm reporters in NBF's assessment area and is based on 1997 Aggregate Small Farm Data only.

(\*\*\*\*) Based on 1997 Aggregate Small Farm Data only.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS State: Virginia Evaluation Period: April 28, 1997 TO May 30, 1999									
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments		
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$'s
Full-Scope:									
Part of the Washington, DC-MD-VA-WV MSA	0	0	\$0	17	\$33	100%	17	\$33	100%
Limited Scope:									

(\*) "Prior Period Investments" means investments made in a previous evaluation period that remain outstanding.

(\*\*) Percentage of the dollars invested in that MSA/Assessment Area that are prior period investments or current period investments.

**Table 13. Distribution of Branch and ATM Delivery Systems**

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM																		State: Virginia		Evaluation Period: April 28, 1997 TO August 30, 1999														
MSA/Assessment Area:	Deposits		Branches						ATMs						Population																			
	% of Total NBF Deposits	# of NBF Branches	% of Total NBF Branches		Location of Branches by Income of Geographies				# of NBF ATMs	% of Total NBF ATMs		Location of ATMs by Income of Geographies				% of the Population within Each Geography																		
					Low	Mod	Mid	Upp				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp															
Full-Scope:																																		
Part of the Washington, DC-MD-VA-WV MSA	100%	9	100%		NA	44%	56%	NA	8	100%	NA	50%	50%	NA	0%	32%	68%	0%																
Limited Scope:																																		

**Table 14. Geographic and Borrower Distribution of Consumer Loan Originations (Optional)**

Geographic and Borrower Distribution: CONSUMER LOANS																		State: Virginia		Evaluation Period: January 1, 1997 TO December 31, 1998														
MSA/Assessment Area:	Geographic Distribution								Borrower Distribution																									
	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Total Consumer Loans																	
	% of Pop*	% NBF Loans	% of Pop*	% NBF Loans	% of Pop*	% NBF Loans	% of Pop*	% NBF Loans	% of Hshlds	% NBF Loans	% of Hshlds	% NBF Loans	% of Hshlds	% NBF Loans	% of Hshlds	% NBF Loans	#	% of Total																
Full-Scope:																																		
Part of the Washington, DC-MD-VA-WV MSA	0%	0%	32%	44%	68%	56%	0%	0%	21%	39%	26%	25%	29%	21%	24%	15%	1,668	100%																
Limited-Scope:																																		

(\*) The percentage of the population in the MSA/assessment area that resides in these geographies.