



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

**February 04, 2002**

# **Community Reinvestment Act Performance Evaluation**

**Patrick Henry National Bank  
Charter Number: 16613**

**2270 Riverside Drive  
Bassett, VA 24055**

**Office of the Comptroller of the Currency**

**Virginia Field Office (Roanoke)  
3800 Electric Road Suite 204  
Roanoke, VA 24018**

**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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## Overall CRA Rating

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

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

Performance Levels	Patrick Henry National Bank (PHNB) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

### Lending Test

- Lending levels reflect good responsiveness to assessment area (AA) credit needs.
- Geographic distribution of loans by income level of geography was adequate.
- Distribution of loans by income level of borrower was good.
- A substantial majority of PHNB's loans were originated within its AAs.

### Investment Test

- Given available opportunities, the level of qualified investments was adequate.

### Service Test

- PHNB's delivery systems are reasonably accessible to geographies and individuals of different income levels in its AAs.
- To the extent changes were made, PHNB's opening of branches improved the accessibility of services for the moderate-income geography and low- and moderate-income individuals. PHNB closed no offices during this evaluation period.
- Services do not vary in a way that inconveniences its AA, particularly the moderate-income geography or low- and moderate-income individuals.

## Definitions and Common Abbreviations

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

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

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/AA.

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

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

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

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

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/AA.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of

individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as non-mortgage, commercial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

As of September 30, 2001, Patrick Henry National Bank (PHNB), which is headquartered in Bassett, Virginia, had total assets of \$336 million. PHNB is an interstate bank with 13 branches in one MSA (Greensboro-Winston-Salem-High Point, NC MSA 3120), two non-MSA counties in Virginia, and one non-MSA county in North Carolina.

PHNB offers basic banking products and services. PHNB does not offer alternatives to branch banking. As of September 30, 2001, net loans totaled \$166 million and deposits totaled \$313 million. Net loans represented 53% of total assets. The distribution of PHNB's outstanding loan portfolio was as follows: commercial, including commercial real estate (55%); 1-4 family residential properties (25%); consumer loans (9%); multi-family residential real estate (5%); farm loans (1%) and all other loans (5%). PHNB is primarily a commercial lender. PHNB's Tier 1 capital was \$19.2 million as of September 30, 2001. Tier 1 risk based capital to risk weighted assets equaled 10.7% and Tier 1 leverage capital equaled 5.9%.

There were no legal, financial or other factors impeding PHNB's ability to help meet the credit needs in its AAs.

PHNB opened six branches from 1998 through 2000. These new branches resulted from purchases of banking facilities and no deposits or loans were acquired. Three of these offices were opened in middle-income geographies in the Rockingham AA. Two of these offices were opened in the Greensboro-Winston-Salem-High Point, NC MSA 3120 AA in moderate- and middle-income geographies. One office was opened in a middle- income geography in the Martinsville AA.

There were no bank operating subsidiaries and therefore no impact on CRA performance from subsidiaries.

PHNB's CRA performance was rated "Satisfactory" in the last public evaluation dated February 27, 1998.



## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation assesses PHNB's performance under the Lending, Investment, and Service Tests. The evaluation under the Lending Test covered PHNB's performance from January 1, 1998 through December 31, 2000, excluding community development loans. Lending data for the year 2001 was not available at the examination start date. We reviewed residential mortgage loans and small loans to businesses. We did not evaluate small farm loans since this is not a significant lending activity of PHNB. The evaluation period for community development loans, the Investment Test and the Service Test was February 27, 1998 to February 4, 2002. PHNB originated no community development loans during the evaluation period.

Market share comparisons were based on small loans to businesses subject to filing and reported under CRA during 2000. Year 2000 HMDA market share information was not available for PHNB. PHNB became a HMDA reporter in 2001 after entering the Greensboro-Winston-Salem-High Point, NC MSA 3120 in 2000.

### Data Integrity

As part of this CRA evaluation, PHNB's publicly filed information on home mortgage loans and small loans to businesses was tested for accuracy. The test included an evaluation of PHNB's processes to ensure that the data was reliable.

We found significant errors in both HMDA and small loans to businesses loan data. As a result, management was required to review and correct the data. During June 2001, we evaluated PHNB's corrected data and found it to be reliable. This evaluation is based on accurate data.

Community development investments and services submitted by PHNB management were verified to ensure that they met the regulatory definition for community development. Items submitted by PHNB for consideration were excluded from this evaluation because they did not meet the definition or purpose of community development.

### Selection of Areas for Full-Scope Review

PHNB operates branches in the Martinsville AA, PHNB's only AA in Virginia. This AA was selected for a full scope review. The Rockingham AA in North Carolina was selected for a full scope review. The area selected is representative of the type of areas in which PHNB operates in North Carolina. Refer to the "Scope" section under each state rating for details regarding how the areas were selected and why they are representative.

## **Ratings**

PHNB's overall rating is a blend of the state ratings. The state of Virginia rating area received the most weight since 88% of the deposits and 90% of the loans are located in this rating area. The state of North Carolina rating area received the least weight since only 12% of the deposits and 10% of the loans are located in this rating area.

The state ratings are based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under each state rating for details regarding how the areas were weighted in arriving at the overall state rating.

## **Fair Lending Review**

An analysis of the most recent years public comments and consumer complaint information, HMDA, small business and small farm lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in February 1998.

## State Rating

<b>CRA rating for Virginia:</b>	<u>Satisfactory</u>
<b>The Lending Test is rated:</b>	<u>High Satisfactory</u>
<b>The Investment Test is rated:</b>	<u>Low Satisfactory</u>
<b>The Service Test is rated:</b>	<u>Low Satisfactory</u>

The major factors that support this rating include:

### Lending Test

- Lending levels reflect good responsiveness to AA credit needs.
- Geographic distribution of loans by income level of geography was adequate.
- Distribution of loans by income level of borrower was good.
- A substantial majority of PHNB's loans were originated within its AA.

### Investment Test

- Given available opportunities, the level of qualified investments was adequate.

### Service Test

- PHNB's delivery systems are reasonably accessible to geographies and individuals of different income levels in its AA.
- To the extent changes were made, PHNB's opening of branches has generally not adversely affected the accessibility of its delivery systems, particularly in the moderate-income geography and for low- and moderate-income individuals. PHNB closed no offices in the Martinsville AA during this evaluation period.
- Services do not vary in a way that inconveniences its AA, particularly the moderate-income geography or low- or moderate-income individuals.

## Description of Institution's Operations in Virginia

PHNB operates six bank branches in the city of Martinsville and the counties of Henry and Patrick in southside Virginia. PHNB does not operate ATMs. As of June 30, 2001, PHNB had deposits of \$263 million in Virginia, which represented a 0.26% deposit market share in the state. PHNB ranked 50<sup>th</sup> out of 187 financial institutions operating in the state of Virginia. PHNB's primary competitors in its AA are Branch Banking and Trust Company, SunTrust Bank, and First Citizen's Bank and Trust Company.

Refer to the Market Profile for the State of Virginia in Appendix C for detailed demographics and other performance context information.

## Scope of Evaluation in Virginia

The Martinsville AA received a full-scope review during the examination. There are no areas in Virginia that received a limited-scope review. The ratings for the state of Virginia are based on the results of the single area receiving a full-scope review.

In evaluating performance under the Lending Test, the geographic distribution of loans carried less weight than other factors. There are no low-income geographies and only one moderate-income geography in the Virginia full scope area. Therefore, a higher weight is placed on lending activity and distribution of loans by income level of the borrower.

In determining how each loan type would be weighted, we considered PHNB's business strategy, the volume of originations, and community credit needs identified through discussions with community contacts. Overall, residential real estate loans and small loans to businesses were considered PHNB's primary products and were given relatively equal consideration during the evaluation process. Within HMDA, we placed more weight on home improvement loans based on volumes and identified credit needs.

## **LENDING TEST**

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

PHNB's performance under the Lending Test in the Virginia rating area is rated **High Satisfactory**. Based on a full scope review, PHNB's lending performance in the Martinsville AA is good.

### **Lending Activity**

Refer to Table 1 in the state of Virginia section of Appendix D for the facts and data used to evaluate PHNB's lending activity.

Overall lending levels reflect good responsiveness to meeting the credit needs of their AA. Relative to deposit market rank, PHNB's small business lending levels are good. At June 30, 2001 PHNB ranked third out of 11 institutions in deposits in the Martinsville AA with a 22% market share. PHNB ranked third out of 31 CRA reporters in overall market share in small loans to businesses with a 12% market share. There are no market share comparisons for residential mortgage loans because PHNB was not a HMDA reporter in 2000, the year for which comparisons are made.

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

The overall geographic distribution of loans in this AA is adequate. The geographic distribution of HMDA loans is adequate. The geographic distribution of small loans to businesses is adequate. There are no conspicuous gaps in PHNB's lending patterns throughout its AA.

We considered the following factors in assessing PHNB's lending performance in low- and moderate-income geographies. There are no low-income geographies in the AA. There is one moderate-income geography in the AA. Our review focused on lending performance relative to the level of owner occupied units in the moderate-income geography. The AA has 2.8% of its owner occupied housing located in the moderate-income geography.

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

Refer to Tables 2, 3 and 4 in the state of Virginia section of Appendix D for the facts and data used to evaluate the geographic distribution of PHNB's home mortgage loan originations and purchases.

### ***Home Purchase Loans***

The overall geographic distribution of *home purchase loans* is adequate given the information provided above. The percent of home purchase loans in the moderate-income geography is somewhat lower than the percent of owner-occupied units in the moderate-income geography.

### ***Home Improvement Loans***

The overall geographic distribution of *home improvement loans* is adequate. The percent of home improvement loans in the moderate-income geography is somewhat lower than the percent of owner-occupied units in the moderate-income geography.

### ***Refinance Loans***

The overall geographic distribution of *refinance loans* is adequate. The percent of refinance loans in the moderate-income geography is somewhat lower than the percent of owner-occupied units in the moderate-income geography.

### ***Multi-family Loans***

PHNB originated only one *multi-family loan* in the AA during the evaluation period. An analysis of geographic distribution would not be meaningful.

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

Refer to Table 5 in the state of Virginia section of Appendix D for the facts and data used to evaluate the geographic distribution of PHNB's origination/purchase of small loans to businesses.

The overall geographic distribution of *small loans to businesses* is adequate. PHNB's percent of small loans to businesses in the moderate-income geography is lower than the percent of businesses located in the moderate-income geography. The market share of small loans to businesses in the moderate-income geography exceeds PHNB's overall market share.

### ***Lending Gap Analysis***

We evaluated the lending distribution of this AA to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies

where loans were made to the geographies in the AA. We analyzed the distribution of loans across geographies in the AA, and considered branch locations, competition, market conditions and demographic information. No unexplained conspicuous gaps were identified.

### ***Inside/Outside Ratio***

A substantial majority of PHNB's loan originations were in their AAs. Overall, 91% of PHNB's loan originations were within their AAs. By loan product, 91% of HMDA loans and 91% of small loans to businesses were inside the bank's AAs. This analysis was performed on the entire bank rather than by AA. This had a positive impact on the bank's geographic distribution of loans.

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

The overall distribution of loans by income level in this AA is good. The distribution of HMDA loans by borrower income level is good. The distribution of small loans to businesses with annual revenues of \$1 million or less is good. The majority of small loans to business were for amounts less than \$100 thousand.

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

Refer to Tables 7, 8 and 9 in the state of Virginia section of Appendix D for the facts and data used to evaluate the borrower distribution of PHNB's home mortgage loan originations and purchases.

### ***Home Purchase Loans***

The overall distribution of *home purchase loans* by borrower income level is good. PHNB's percent of home purchase loans to low-income borrowers is somewhat lower than the percent of low-income families residing in the AA. The percent of home purchase loans to moderate-income borrowers exceeds the percent of moderate-income families residing in the AA.

### ***Home Improvement Loans***

The overall distribution of *home improvement loans* by borrower income level is excellent. PHNB's percent of home improvement loans to low-income borrowers exceeds the percent of low-income families residing in the AA. The percent of home improvement loans to moderate-income borrowers exceeds the percent of moderate-income families residing in the AA.

### ***Refinance Loans***

The overall distribution of *refinance loans* by borrower income level is excellent. PHNB's percent of refinance loans to low-income borrowers exceeds the percent of low-

income families residing in the AA. The percent of refinance loans to moderate-income borrowers is near the percent of moderate-income families residing in the AA.

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

Refer to Table 10 in the state of Virginia section of Appendix D for the facts and data used to evaluate the borrower distribution of PHNB's origination and purchase of small loans to businesses.

The overall distribution of *small loans to businesses* by borrower income level is good. PHNB's percent of small loans to businesses (businesses with annual revenues of \$1 million dollars or less) is near the percentage of small businesses in the AA. The majority of PHNB's loans were for amounts less than \$100,000. The market share of small loans to businesses is significantly lower than their market share of loans to all businesses.

### **Community Development Lending**

Refer to Table 1 in the state of Virginia section of Appendix D for the facts and data used to evaluate PHNB's level of community development lending.

PHNB did not originate any qualified community development loans in this AA during the evaluation period. This had a neutral impact on lending performance in the AA because opportunities were limited.

### **Product Innovation and Flexibility**

PHNB offered a flexible loan product for low- and moderate-income persons who became unemployed. This product was developed for the Martinsville AA for people who lost jobs at textile plants due to several plant closings. This program was implemented during the year 2000. Residents who lost their jobs were offered a loan of up to \$1,500. Principal payments on the loan were deferred for the first six months and Henry County paid the interest on the loan for that period. At the end of the six-month period, the borrowers had the option of repaying the loan over 12, 24, or 36 months.

## **INVESTMENT TEST**

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

PHNB's performance in the state of Virginia rating area was rated **Low Satisfactory** under the Investment Test. Based on a full scope review, and given the available community development opportunities, needs and dollar amount of investments in the AA, PHNB's performance in the Martinsville AA is adequate.

Refer to Table 12 in the state of Virginia section of Appendix D for the facts and data used to evaluate PHNB's level of qualified investments.

PHNB's level of community development investments is adequate. Refer to the Market Profile section for details on needs and opportunities. PHNB made \$1.6 million in qualified investments, all of which consisted of bonds issued by the Virginia Housing Development Authority to support low- and moderate-income housing throughout the state of Virginia. PHNB's total investments in the Martinsville AA were equal to 8.5% of Tier 1 Capital. The direct impact on PHNB's AAs cannot be determined.

## **SERVICE TEST**

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

PHNB's performance under the Service Test in the state of Virginia is rated **Low Satisfactory**. Based on a full-scope review, PHNB's performance in the state of Virginia is adequate.

#### **Retail Banking Services**

Refer to Table 13 in the state of Virginia section of Appendix D for the facts and data used to evaluate the distribution of PHNB's branch delivery system and branch openings and closings.

PHNB's delivery systems are reasonably accessible to geographies and individuals of different income levels in the Martinsville AA. PHNB operates branches in eight of 18 middle-income geographies in the Martinsville AA. One branch is located on the middle-income side of two bordering tracts. The border tract is the only moderate-income geography in the AA.

To the extent changes were made, PHNB's opening of branches has generally not adversely affected the accessibility of its delivery systems particularly in the moderate-income geography and for low- and moderate-income individuals. PHNB opened one office in a middle-income geography in the Martinsville AA in May of 2001. The geography where the branch is located adjoins the sole moderate-income geography in the AA. PHNB closed no offices in the Martinsville AA during this evaluation period.

Services do not vary in a way that inconveniences its AA, particularly the moderate-income geography or low- or moderate-income individuals. All branches offer the same products, services, and hours of operation.

#### **Community Development Services**

PHNB reported no qualified community development services during this evaluation period.



## State Rating

**CRA Rating for North Carolina:** Satisfactory  
**The Lending Test is rated:** High Satisfactory  
**The Investment Test is rated:** Needs to Improve  
**The Service Test is rated:** Low Satisfactory

The major factors that support this rating include:

### Lending Test

- Lending levels reflect adequate responsiveness to AA credit needs.
- Distribution of loans by income level of borrower was excellent.
- A substantial majority of PHNB's loans were originated within its AAs.

### Investment Test

- Given available opportunities, the level of qualified investments was poor.

### Service Test

- Delivery systems were reasonably accessible to geographies and individuals of different income levels in its AAs.
- PHNB's record of opening branches improved the accessibility of its delivery systems, particularly in moderate-income geographies and to low- and moderate-income individuals.
- Services do not vary in a way that inconveniences its AAs, particularly low- and moderate-income geographies or low- or moderate-income individuals.

## Description of Institution's Operations in North Carolina

PHNB operates seven bank branches in North Carolina, five of which were opened during the evaluation period. As of June 30, 2001, PHNB had deposits of \$35 million in the state of North Carolina, which represented less than a 1% market share of all deposits in the state. PHNB ranked 107<sup>th</sup> out of 141 financial institutions doing business in North Carolina. PHNB's primary competitors in its AAs are Branch Banking and Trust Company, First Citizens Bank and Trust Company, Wachovia Bank, N.A., and Bank of America, N.A. Approximately 12% of PHNB's total deposits and 10% of combined residential real estate loans and small loans to business originated during 1998, 1999 and 2000 were located in North Carolina.

PHNB operates five branches in the Rockingham AA. Two additional branches are located in the Greensboro-Winston-Salem-High Point, NC MSA 3120 AA.

Refer to the market profiles for the state of North Carolina in Appendix C for detailed demographics and other performance context information for the AA that received a full-scope review.

## Scope of Evaluation in North Carolina

There are two AAs in the state of North Carolina. Rockingham is a non-MSA area that was chosen for full-scope review since the majority of loan and deposit activity for the state of North Carolina is in this AA. The Greensboro-Winston-Salem-High Point, NC MSA 3120 AA was reviewed in limited-scope. PHNB is new in this market and has very limited deposit and loan activity in the Greensboro-Winston-Salem-High Point, NC MSA 3120 AA.

In evaluating performance under the Lending Test, a higher weight was placed on lending activity and distribution of loans by income level of the borrower. There are no low- or moderate-income geographies in the North Carolina full scope area therefore the geographic distribution of loans carried less weight than other factors.

In determining how each loan type would be weighted, we considered PHNB's business strategy, the volume of originations, and community credit needs identified through discussions with community contacts. We placed equal emphasis on HMDA and small loans to businesses when evaluating performance based on identified credit needs and the fact that PHNB originated similar numbers of each loan type. Within HMDA, we placed equal weight on all products based on volumes and identified credit needs.

Refer to the Market Profiles for the State of North Carolina in Appendix C for detailed demographics and other performance context information for AA that received a full-scope review.

## LENDING TEST

### Conclusions for Area Receiving Full-Scope Review

PHNB's performance under the Lending Test in the North Carolina rating area is rated **High Satisfactory**. Based on a full scope review, PHNB's lending performance in the Rockingham AA is good.

### Lending Activity

Refer to Table 1 in the state of North Carolina section of Appendix D for the facts and data used to evaluate PHNB's lending activity.

Overall lending levels reflected good responsiveness to meeting credit needs in the Rockingham AA. Relative to deposit market rank, PHNB's small business lending levels were good. At June 30, 2001 PHNB ranked eighth out of nine institutions in deposits in the Rockingham AA with a 2.6% market share. PHNB ranked 14<sup>th</sup> out of 36 CRA reporters in overall lending in small loans to businesses.

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

There are no low- or moderate-income geographies in the Rockingham AA. Geographic analysis is not meaningful.

### ***Lending Gap Analysis***

We evaluated the lending distribution of this AA to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies where loans were made to the geographies in the AA. We analyzed the distribution of loans across geographies in the AA, and considered branch locations, competition, market conditions and demographic information. No unexplained conspicuous gaps were identified.

### ***Inside/Outside Ratio***

A substantial majority of PHNB's loan originations were in their AAs. Overall, 91% of PHNB's loan originations were within their AAs. By loan product, 91% of HMDA loans and 91% of small loans to businesses were inside the AAs. This analysis was performed on the entire bank rather than by AA.

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

The overall distribution of loans by income level in this AA was good. The distribution of HMDA loans by borrower income level is excellent. The distribution of small loans to businesses with annual revenues of \$1 million or less was good. The majority of loans to business were for amounts less than \$100 thousand.

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

Refer to Tables 7, 8 and 9 in the state of North Carolina section of Appendix D for the facts and data used to evaluate the borrower distribution of PHNB's home mortgage loan originations and purchases.

### ***Home Purchase Loans***

The overall distribution of *home purchase loans* by income level of the borrower was excellent. PHNB's percent of home purchase loans to low-income borrowers exceeded the percent of low-income families residing in the AA. The percent of home purchase loans to moderate-income borrowers exceeded the percent of moderate-income families residing in the AA.

### ***Home Improvement Loans***

The overall distribution of *home improvement loans* by income level of the borrower was excellent. PHNB's percent of home improvement loans to low-income borrowers exceeded the percent of low-income families residing in the AA. The percent of home

improvement loans to moderate-income borrowers exceeded the percent of moderate-income families residing in the AA.

### ***Refinance Loans***

The overall distribution of *refinance loans* by income level of the borrower was good. PHNB's percent of refinance loans to low-income borrowers was somewhat lower than the percent of low-income families residing in the AA. The percent of refinance loans to moderate-income borrowers exceeded the percent of moderate-income families residing in the AA.

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

Refer to Table 10 in the state of North Carolina section of Appendix D for the facts and data used to evaluate the borrower distribution of PHNB's origination and purchase of small loans to businesses.

The overall distribution of *small loans to businesses* by income level of the borrower was good. PHNB's percent of small loans to small businesses (businesses with annual revenues of \$1 million dollars or less) exceeded the percentage of small businesses in the AA. The majority of PHNB's loans were for amounts less than \$100,000. The market share of small loans to businesses was lower than their market share of loans to all businesses.

### **Community Development Lending**

Refer to Table 1 in the state of North Carolina section of Appendix D for the facts and data used to evaluate PHNB's level of community development lending.

PHNB did not originate any qualified community development loans in this AA during the evaluation period. This had a neutral impact on lending performance in the AA because opportunities were considered limited.

### **Product Innovation and Flexibility**

PHNB did not offer innovative or flexible loan products targeted to low- or moderate-income individuals in this rating area. This had a neutral impact on lending performance in the AA.

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

Based on a limited-scope review, PHNB's performance under the Lending Test in the Greensboro-Winston-Salem-High Point, NC MSA 3120 AA was weaker than PHNB's overall High Satisfactory performance under the Lending Test in North Carolina. No loans were originated in the Greensboro-Winston-Salem-High Point, NC MSA 3120 AA during the evaluation period. This did not have a negative impact on performance in the North Carolina rating area because PHNB was new to the market and competition was

heavy for residential mortgage loans and loans to small business. Refer to Tables 1 through 11 in the state of North Carolina section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

PHNB's performance under the Investment Test in North Carolina was rated **Needs to Improve**. Based on a full-scope review, PHNB's performance in the Rockingham AA was poor. PHNB did not make any qualified investments in the Rockingham AA during the evaluation period.

Refer to Table 12 in the state of North Carolina section of Appendix D for the facts and data used to evaluate PHNB's level of qualified investments.

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

Based on a limited-scope review, PHNB's performance under the Investment Test in the Greensboro-Winston-Salem-High Point, NC MSA 3120 is not inconsistent with PHNB's overall Needs to Improve performance under the Investment Test in North Carolina. Refer to Table 12 in the state of North Carolina section of Appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

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

PHNB's performance under the Service Test in North Carolina is rated **Low Satisfactory**. Based on a full-scope review, PHNB's performance in the Rockingham AA is adequate.

### **Retail Banking Services**

Refer to Table 13 in the state of North Carolina section of Appendix D for the facts and data used to evaluate the distribution of PHNB's branch delivery system and branch openings and closings.

Delivery systems were reasonably accessible to geographies and individuals of different income levels in its AAs. PHNB operates branches in four of ten middle-income geographies and one of six upper-income geographies in the Rockingham AA. Most low- and moderate-income families live in or near the middle-income geographies served by PHNB branches.

To the extent changes were made, PHNB's record of opening branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income individuals. PHNB opened three offices in middle-income

geographies in the Rockingham AA. Two were opened in August 1998 and one was opened in October of 1999. PHNB closed no offices in the Rockingham AA during this evaluation period.

Banking services and hours of operation do not vary in a way that inconveniences its AA, particularly low- and moderate-income individuals. All office hours are the same.

### **Community Development Services**

PHNB reported no qualified community development services during this evaluation period.

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

Based on limited-scope reviews, PHNB's performance under the Service Test in the Greensboro-Winston-Salem-High Point, NC MSA 3120 was stronger than PHNB's overall performance in the state. An office was opened in a moderate-income geography in August of 2000 in the Greensboro-Winston-Salem-High Point, NC MSA 3120. This influenced but did not change the overall state rating.

## 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 non-metropolitan 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 (excludes CD Loans): 01/01/98 to 12/31/00 Investment and Service Tests and CD Loans: 02/27/98 to 02/04/02	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Patrick Henry National Bank (PHNB) Bassett, Virginia	Residential Mortgage Loans Small Loans to Businesses	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Not Applicable		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
North Carolina Rockingham	Full-Scope	Non-MSA, includes the County of Rockingham in its entirety. Census tracts 0106.01, 0116.02, 0126.01, 0126.07, 0126.08, 0126.09, 0126.17 in MSA 3120, Greensboro-Winston-Salem-High Point, NC.
Greensboro-Winston-Salem-High Point, NC MSA 3120	Limited-Scope	
Virginia Martinsville	Full-Scope	Non-MSA, includes the City of Martinsville and counties of Henry and Patrick in their entirety.

## Appendix B: Summary of State Ratings

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RATINGS		Patrick Henry National Bank		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State Rating
PHNB	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
State:				
Virginia	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
North Carolina	High Satisfactory	Needs to Improve	Low Satisfactory	Satisfactory

(\*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.



## Appendix C: Market Profiles for Full-Scope Areas

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

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## State of Virginia Full-Scope Area

### Martinsville

Demographic Information for Full-Scope Area: Martinsville						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	22	0.00	4.55	81.82	9.09	4.55
Population by Geography	90,577	0.00	3.97	85.83	10.20	0.00
Owner-Occupied Housing by Geography	26,739	0.00	2.80	86.71	10.49	0.00
Businesses by Geography	3,427	0.00	5.25	89.15	5.60	0.00
Farms by Geography	132	0.00	0.76	96.97	2.27	0.00
Family Distribution by Income Level	26,640	18.27	18.07	24.11	39.56	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	9,679	0.00	0.00	5.49	88.99	0.00
Median Family Income	= \$28,301	Median Housing Value		= \$52,701		
HUD Adjusted Median Family Income 2001	= \$40,800	Unemployment Rate		= 1.98%		
Households Below the Poverty Level	= 12.97%					

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

The Martinsville AA is comprised of Patrick and Henry counties and the City of Martinsville, Virginia. The area is located in southern Virginia along the North Carolina border. PHNB does not operate ATMs. Manufacturing and retail services provide the largest number of jobs in the area.

There are no low-income geographies and only one moderate-income geography in the Rockingham AA. The percentage of households below the poverty level of 13% ranks slightly above the Virginia state average of 11%. The area's unemployment rate of 1.98% was slightly below Virginia's unemployment rate of 2.5% in December 2000.

PHNB operates 6 branches in the Martinsville AA. As of June 30, 2001, PHNB reported total deposits of \$263 million in the AA. That represented 22% of the local deposit market share. PHNB ranked third in the market. Branch Banking & Trust and SunTrust Bank were ranked first and second with 37% and 23% market shares respectively. There were a total of 11 banking and thrift companies doing business in the AA as of June 30, 2001.

PHNB's primary business focuses are commercial lending, residential real estate and small business.

We reviewed the Consolidated HUD plan for the state of Virginia. We also made one community contact with an organization that provides affordable housing to determine the community credit and development needs of the AA. Our review identified affordable housing loans, either directly through banks or through nonprofit agencies, as a credit need. Home improvement loans were identified as a credit need. Additionally, small business and start up business loans were identified as credit needs.

Based on our contacts and review, the level of available qualified investments in this AA is very limited. PHNB's presence is in the suburban and rural counties that are not part of an MSA. These areas have few organizations that present investment opportunities. CD needs were identified in low- and moderate-income multi-family housing. Homebuyer assistance for low-income persons is also an identified CD need.

## State of North Carolina Full-Scope Area

### Rockingham

Demographic Information for Full-Scope Area: Rockingham						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	16	0.00	0.00	62.50	37.50	0.00
Population by Geography	86,064	0.00	0.00	57.97	42.03	0.00
Owner-Occupied Housing by Geography	24,864	0.00	0.00	56.96	43.04	0.00
Businesses by Geography	3,398	0.00	0.00	54.24	45.76	0.00
Farms by Geography	205	0.00	0.00	32.20	67.80	0.00
Family Distribution by Income Level	24,885	16.18	15.61	23.05	45.16	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	7,912	0.00	0.00	66.06	33.94	0.00
Median Family Income	=\$27,206		Median Housing Value		=\$50,884	
HUD Adjusted Median Family Income for 2001	=\$41,500		Unemployment Rate		= 2.47%	
Households Below the Poverty Level	=13.94%					

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

The Rockingham AA is comprised of Rockingham County North Carolina. The area is in the northern part of North Carolina. Manufacturing and retail services provide the largest number of jobs in the area.

There are no low-income or moderate-income geographies in this AA. The percentage of households below the poverty level of 14% is equal to the North Carolina State average of 14%. The area's unemployment rate of 2.5% was slightly above North Carolina's rate of 2.3%. This indicates jobs are available but wages are below a level adequate to support area families.

PHNB operates five branches in the Rockingham AA. As of June 30, 2001, PHNB reported total deposits of \$28 million in the AA. That represented 3% of the local deposit market share. PHNB ranked eighth in the market out of nine institutions. FNB Southeast and Branch Banking & Trust are first and second in deposit market share with 29% and 19% respectively. There were a total of nine banking and thrift companies doing business in the AA as of June 30, 2001.

PHNB's primary business focuses are commercial lending, residential real estate and consumer lending in this AA. PHNB also engages in some small business lending in this AA.

We reviewed the Consolidated HUD plan for the state of North Carolina. We also made one community contact with a local organization that provides support to small business to determine the community credit and development needs of the AA. Our review identified affordable housing loans, either directly through banks or through nonprofit agencies, as a credit need. Additionally, small business and start up business loans were identified as credit needs.

Based on our contacts and review, the level of available qualified investments in this AA is very limited. Rockingham County is suburban and rural and not part of an MSA. These areas have few organizations that present investment opportunities. CD needs were identified in low- and moderate-income multi-family housing.

## Appendix D: Tables of Performance Data

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## Content of Standardized Tables

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A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that PHNB provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by PHNB as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

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 and purchased by PHNB over the evaluation period by MA/AA. Community development loans to statewide or regional entities or made outside PHNB’s AA may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by PHNB in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by PHNB in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by PHNB in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not

available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than PHNB's AA.

- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by PHNB in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than PHNB's AA.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by PHNB to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/AA. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by PHNB to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by PHNB by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by PHNB to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by PHNB by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Qualified Investments** - Presents the number and dollar amount of qualified investments made by PHNB in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period.



Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by PHNB's financial reporting system.

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

**Table 14. Distribution of Branch Delivery System and Branch Openings/Closings**  
 - Compares the percentage distribution of the number of PHNB's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Tables of Performance Data

State of Virginia

**Table 1. Lending Volume**

LENDING VOLUME		Geography: STATE OF VIRGINIA										
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000												
MA/Assessment Area (2000):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Martinsville	100.00	481	14,678	506	14,319	25	272	0	0	1,012	29,269	100.00

\* Loan Data as of December 31, 2000. Rated area refers to the state rating area.

\*\* The evaluation period for Community Development Loans is From February 28, 1998 to February 4, 2002.

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

## Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE											Geography: STATE OF VIRGINIA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000															
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Martinsville	111	100.00	0.00	0.00	2.80	0.00	86.71	86.36	10.49	13.64	0.00	0.0 0	0.0 0	0.0 0	0.0 0

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

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

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

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

Geographic Distribution: HOME IMPROVEMENT											Geography: STATE OF VIRGINIA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000															
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Martinsville	252	100.00	0.00	0.00	2.80	2.00	86.71	92.80	10.49	5.20	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area. NO CT/BNA information was available for 0.79% of loans originated and purchased by PHNB.

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE											Geography: STATE OF VIRGINIA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000															
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units** *	% BANK Loans	% Owner Occ Units** *	% BANK Loans	% Owner Occ Units** *	% BANK Loans	% Owner Occ Units** *	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Martinsville	117	100.0 0	0.00	0.00	2.80	1.71	86.71	91.45	10.49	6.84	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

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

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

## Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY											Geography: STATE OF VIRGINIA					
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total **	% of MF Units** *	% BANK Loans	% MF Units** *	% BANK Loans	% MF Units** *	% BANK Loans	% MF Units** *	% BANK Loans	% MF Units** *	% BANK Loans	Over all	Low	Mod	Mid
<b>Full Review:</b>																
Martinsville	1	100.0 0	0.00	0.00	7.17	0.00	80.35	100.00	12.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

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

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES											Geography: STATE OF VIRGINIA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000															
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Martinsville	506	100.00	0.00	0.00	5.25	2.57	89.15	92.09	5.60	5.34	0.65	0.00	1.75	0.74	0.00

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

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

\*\*\* Source Data - Dun and Bradstreet (2001).

## Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS											Geography: STATE OF VIRGINIA					
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans	Over all	Low	Mod	Mid
<b>Full Review:</b>																
Martinsville	25	100.0 0	0.00	0.00	0.76	0.00	96.97	100.00	2.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

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

\*\*\* Source Data - Dun and Bradstreet (2001).



## Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE											Geography: STATE OF VIRGINIA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000															
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Martinsville	111	100.00	18.27	14.68	18.07	22.94	24.11	26.61	39.56	35.77	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* As a percentage of loans with borrower income information available. No information was available for 1.80% of loans originated and purchased by PHNB.

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

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

## Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT												Geography: STATE OF VIRGINIA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total*	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	Overall	Low	Mod	Mid
<b>Full Review:</b>																
Martinsville	252	100.00	18.27	50.20	18.07	24.50	24.11	16.47	39.56	8.83	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* As a percentage of loans with borrower income information available. No information was available for 1.19% of loans originated and purchased by PHNB.

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

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

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

Borrower Distribution: HOME MORTGAGE REFINANCE											Geography: STATE OF VIRGINIA					
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total **	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	Overall	Low	Mod	Mid
<b>Full Review:</b>																
Martinsville	117	100.00	18.27	20.69	18.07	17.24	24.11	29.31	39.56	32.76	0.00	0.00	0.00	0.00	0.00	

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.85% of loans originated and purchased by PHNB.

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

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

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

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: STATE OF VIRGINIA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000									
	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Business es***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
MA/Assessment Area:									
<b>Full Review:</b>									
Martinsville	506	100.0 0	88.24	69.32	96.25	2.37	1.38	0.65	0.00

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

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 65.22% of small loans to businesses originated and purchased by PHNB.

## Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS					Geography: STATE OF VIRGINIA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000									
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total **	% of Farms***	% BANK Loans*** *	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Martinsville	25	100.00	91.67	100.00	100.00	0.00	0.00	0.00	0.00

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

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2001).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 80.00% of small loans to farms originated and purchased by PHNB.

## Table 13. Qualified Investments

QUALIFIED INVESTMENTS February 28, 1998 TO February 4, 2002		Geography: STATE OF VIRGINIA					Evaluation Period:		
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Martinsville	0	0	6	\$1,633	6	1,633	100%	0	0

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\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.  
 \*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

## Table 14. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS														Geography: STATE OF VIRGINIA			
Evaluation Period: February 28, 1998 TO February 4, 2002																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Martinsville	100.0 0	6	100.0 0	0	0	6	0	1	0	0	0	1	0	0.00	3.97	85.8 3	10.2 0

Tables of Performance Data

State of North Carolina

**Table 1. Lending Volume**

LENDING VOLUME											Geography: STATE OF NORTH CAROLINA	
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000												
MA/Assessment Area (2000):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Rockingham	100.00	74	3,036	40	1,826	4	139	0	0	118	5,001	77.98
<b>Limited Review:</b>												
Greensboro-Winston-Salem High Point, NC MSA 3	0.00	0	0	0	0	0	0	0	0	0	0	22.02

\* Loan Data as of December 31, 2000. Rated area refers to the state rating area.

\*\* The evaluation period for Community Development Loans is from February 28, 1998 to February 4, 2002.

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



## Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE											Geography: STATE OF NORTH CAROLINA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000															
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Rockingham	18	100.00	0.00	0.00	0.00	0.00	56.96	55.56	43.04	44.44	0.00	0.0 0	0.0 0	0.0 0	0.0 0
<b>Limited Review</b>															
Greensboro-Winston-Salem-High Point, NC MSA 3120	0	0.00	0.00	0.00	27.72	0.00	58.83	0.00	13.46	0.00	0.00	0.0 0	0.0 0	0.0 0	0.0 0

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

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

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

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

Geographic Distribution: HOME IMPROVEMENT											Geography: STATE OF NORTH CAROLINA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000															
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Rockingham	32	100.00	0.00	0.00	0.00	0.00	56.96	78.13	43.04	21.88	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Greensboro-Winston-Salem-High Point, NC MSA 3120	0	0.00	0.00	0.00	27.72	0.00	58.83	0.00	13.46	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

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

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE											Geography: STATE OF NORTH CAROLINA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000															
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units** *	% BANK Loans	% Owner Occ Units** *	% BANK Loans	% Owner Occ Units** *	% BANK Loans	% Owner Occ Units** *	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Rockingham	24	100.00	0.00	0.00	0.00	0.00	56.96	58.33	43.04	41.67	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Greensboro-Winston-Salem-High Point, NC MSA 3120	0	0.00	0.00	0.00	27.72	0.00	58.83	0.00	13.46	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

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

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

## Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY												Geography: STATE OF NORTH CAROLINA					
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																	
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*						
	#	% of Total **	% of MF Units** *	% BANK Loans	% MF Units** *	% BANK Loans	% MF Units** *	% BANK Loans	% MF Units** *	% BANK Loans	% MF Units** *	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Rockingham	0	0.00	0.00	0.00	0.00	0.00	65.21	0.00	34.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>																	
Greensboro-Winston-Salem-High Point, NC MSA 3120	0	0.00	0.00	0.00	65.80	0.00	34.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

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

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES											Geography: STATE OF NORTH CAROLINA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000															
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Rockingham	40	100.00	0.00	0.00	0.00	0.00	54.24	72.50	45.76	27.50	0.69	0.00	0.00	0.64	0.77
<b>Limited Review:</b>															
Greensboro-Winston-Salem-High Point, NC MSA 3120	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

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

\*\*\* Source Data - Dun and Bradstreet (2001).

## Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS												Geography: STATE OF NORTH CAROLINA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total **	% of Farms* **	% BANK Loans	% of Farms* *	% BANK Loans	% of Farms* *	% BANK Loans	% of Farms* *	% BANK Loans	% of Farms* *	% BANK Loans	Over all	Low	Mod	Mid
<b>Full Review:</b>																
Rockingham	4	100.0 0	0.00	0.00	0.00	0.00	0.00	32.20	50.00	67.80	50.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>																
Greensboro-Winston-Salem-High Point, NC MSA 3120	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

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

\*\*\* Source Data - Dun and Bradstreet (2001).

## Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE											Geography: STATE OF NORTH CAROLINA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000															
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Rockingham	18	100.00	16.18	16.67	15.61	22.22	23.05	11.11	45.16	50.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Greensboro-Winston-Salem-High Point, NC MSA 3120	0	0.00	19.42	0.00	19.17	0.00	26.91	0.00	34.50	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by PHNB.

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

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

## Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT												Geography: STATE OF NORTH CAROLINA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total*	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	Overall	Low	Mod	Mid
<b>Full Review:</b>																
Rockingham	32	100.00	16.18	21.88	15.61	43.75	23.05	18.75	45.16	15.63	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>																
Greensboro-Winston-Salem-High Point, NC MSA 3120	0	0.00	19.42	0.00	19.17	0.00	26.91	0.00	34.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by PHNB.

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

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



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

Borrower Distribution: HOME MORTGAGE REFINANCE							Geography: STATE OF NORTH CAROLINA									
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total **	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	Over all	Low	Mod	Mid
<b>Full Review:</b>																
Rockingham	24	100.00	16.18	13.04	15.61	17.39	23.05	30.43	45.16	39.14	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Greensboro-Winston-Salem-High Point, NC MSA 3120	0	0.00	19.42	0.00	19.17	0.00	26.91	0.00	34.50	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* As a percentage of loans with borrower income information available. No information was available for 4.17% of loans originated and purchased by PHNB.

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

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

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

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: STATE OF NORTH CAROLINA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000									
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total **	% of Business es***	% BANK Loans*** *	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Rockingham	40	100.00	89.82	97.02	82.50	15.00	2.50	0.69	0.39
<b>Limited Review:</b>									
Greensboro-Winston-Salem-High Point, NC MSA 3120	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 72.50% of small loans to businesses originated and purchased by PHNB.

## Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS					Geography: STATE OF NORTH CAROLINA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000									
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total **	% of Farms***	% BANK Loans*** *	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Rockingham	4	100.00	90.73	0.00	100.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>									
Greensboro-Winston-Salem-High Point, NC MSA 3120	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2001).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 100.00% of small loans to farms originated and purchased by PHNB.

## Table 14. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS										Geography: STATE OF NORTH CAROLINA							
Evaluation Period: February 28, 1998 TO February 4, 2002																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Rockingham	77.98	5	71.43	0	0	80.0 0	20.0 0	3	0	0	0	3	0	0.00	0.00	57.9 7	42.0 3
<b>Limited Review:</b>																	
Greensboro-Winston-Salem-High Point, NC MSA 3120	22.02	2	28.57	0	50.0 0	50.0 0	0	2	0	0	1	1	0	0.00	41.8 3	49.0 6	9.11

