

Public Disclosure

May 4, 1999

Community Reinvestment Act

Performance Evaluation

**First National Bank
Charter Number: 7937
105 Arbor Drive
Christiansburg, Virginia 24068-0600**

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NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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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 **First National Bank, Christiansburg, Virginia** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of May 4, 1999. The agency evaluates performance in assessment areas, as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include 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 C.F.R. 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) - This statute 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 the 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 **First National Bank, Christiansburg, VA** (FNB) with respect to the lending, investment, and service tests.

Performance Levels	First National Bank, Christiansburg, VA Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory	X		
Low satisfactory			X
Needs to improve		X	
Substantial noncompliance			

* **Note:** The lending test is weighted more heavily than the investment test and service test in the overall rating.

Key factors supporting the bank’s overall rating include the following:

- < FNB’s performance in meeting needs of the community is good. The bank has made a good level of loans, including loans originated and sold. The bank’s market share of reporting financial institutions represents 36% of small business loans and 51% of small farm loans.
- < FNB originated a high percentage of HMDA loans within the assessment area (AA) at 82%. The majority of small business and small farm loans are also within the AA at 52% and 50% respectively.
- < Residential lending penetration in low- and moderate-income geographies is adequate while small business lending is good and small farm lending is excellent. With only one low-income and one moderate-income geography, this factor is less meaningful than normal.

- < The distribution of residential mortgage lending by borrower characteristics is good. Lending to moderate-income borrowers is strong while penetration to low-income borrowers is significantly weaker. The distribution of small business loans and small farm loans is excellent.
- < FNB's level of qualified investments is poor. The total dollars invested is lower than expected given the bank's capacity and the opportunities. The vast majority of the investments were made in prior evaluation periods. FNB has not been in a leadership position and is not using innovative or complex investments. The investments reported are responsive to community development needs.
- < Delivery systems are accessible to geographies and individuals of different income levels. Service hours do not vary in a way that inconveniences any portion of the AA.
- < The opening and closing of branches have not affected the accessibility of delivery systems, particularly in low- and moderate-income areas. There were no changes in full service branches during the evaluation period.
- < Community development services level is adequate given the bank's capacity and opportunities in the area.

DESCRIPTION OF INSTITUTION

First National Bank (FNB) is a wholly owned subsidiary of FNB Corporation which is headquartered in Christiansburg, Virginia (VA). FNB Corporation is a one bank holding company, organized in 1996. FNB Corporation is owned approximately 25% by the Employee Stock Option Plan of the bank. As of December 31, 1998, FNB had total assets of approximately \$450 million and operated 11 branches.

FNB is an intrastate bank. FNB's eleven offices are located in two counties, six towns/cities in western VA. Besides the headquarters in Christiansburg, the predominant offices are in Blacksburg and City of Radford. FNB has added one Loan Production Office since the last CRA examination. A Loan Production Office is not a branch for CRA purposes. This office became a full service branch in May 1999.

FNB is a consumer oriented, full-service lender offering various loan and deposit products. FNB offers conventional mortgage loans, home improvement loans, and a full range of business loans. Net loans represent 85 percent of total deposits as of December 31, 1998. The bank has historically been primarily a retail institution making consumer and home loans. In current years, the bank's strategy has been more focused on small businesses. This has resulted in a loan portfolio with 43% residential real estate loans, 40% commercial and commercial real estate loans and 15% installment loans, according to the December 31, 1998 Report of Condition.

There are no financial, legal or other factors that would impede the bank's ability to help meet the credit needs in its AA. The bank's Tier 1 leverage capital at December 31, 1998 was 8.54% and the bank generated a return on assets for 1998 of 1.39%.

Previous Performance

FNB's last CRA Performance Evaluation was dated March 20, 1997 using data through December 31, 1996. The delineated community consisted of Montgomery County, the city of Radford, the towns of Dublin and Fairlawn, and part of the town of Pulaski. This encompasses 26 block numbering areas. The bank received a rating of "***Outstanding Record of Meeting Community Credit Needs.***"

SCOPE OF EVALUATION

Evaluation Period/Products Evaluated

This evaluation covers FNB's performance from January 1, 1997 to December 31, 1998. Loan products reviewed included: Home Purchase Loans, Home Refinances, Small Business Loans and Small Farm Loans. All investments and services presented to us by bank management were used to evaluate performance under the Investments and Services Tests. Bank management elected to not provide consumer loan data. At FNB, Home Improvement Loans are included with consumer data.

Data Integrity

FNB is not subject to the data collection requirements of the Home Mortgage Disclosure Act (HMDA). Residential lending data is based upon bank accumulated statistics. Bank management collected small business data for the full years 1998 and 1997 in compliance with the current regulations. We tested the bank accumulated data for residential lending, small business and small farms and found it to be reliable. We have used it in this report. The bank has very few farm loans for the two-year period. This is reasonable given the local terrain and economy.

Selection of Areas for Full-Scope Review

We performed a full scope review of the bank's single assessment area.

Ratings

The bank's overall rating is based in its performance in its assessment area. The Lending Test is weighted more heavily than the Investment and Services Tests. Because the Bank's AA contains only one low-income and one moderate-income BNA, evaluations of geographic distribution of loans and services are weighted less heavily. Low- and moderate-income geographies represent only 8% of geographies; 3% of families; 3% of businesses and 4% of farms.

Other

To help determine community credit needs and lending opportunities, we conducted community contacts in the area during this examination and read others performed by banking regulators in the last two years. Contacts identified more reasonable interest rates on auto loans and more funding for existing venture capital, small business loan and micro-loan programs at the community credit needs.

According to our community contacts and information available on the Internet, there are some opportunities for qualified investment securities that specifically target the bank's AA. There are ample opportunities for investments that benefit a wider area, including the bank's AA, and ample opportunities for community development grants and donations, and community development services. These opportunities include nonprofit housing organizations, community service organizations, credit counseling agencies, small business development centers and small business venture capital funds and micro-loan funds that serve areas including the bank's AA.

FAIR LENDING REVIEW

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified. FNB's policies, procedures, training programs and internal assessment efforts are satisfactory. Our comparative fair lending sample consisted of Mortgage Loans for residential property. Our sample compared single borrowers to married borrowers. All loans originated in 1998. The prohibited basis was marital status. Management adequately explained all lending decisions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

As detailed in this evaluation, the rating for FNB is **"Satisfactory."** The lending test is weighted more heavily than the investment test and service test in the overall rating.

LENDING TEST

Lending Activity

FNB's performance in meeting the needs within the Christiansburg VA assessment area is good.

FNB made a total of 713 residential real estate loans (home purchase and refinances) totaling \$60,901 thousand in the two-year period under evaluation. Because this is a not a metropolitan statistical area, Home Mortgage Disclosure Act data is not available. There is not, therefore, sufficient data available to make a direct comparison with other area banks.

FNB made 942 small business loans totaling \$49,108 thousand in 1997 and 1998. In 1997 the 26 other reporting banks made 915 small business loans while FNB made 518, giving FNB a market share of reporting banks of 36% in 1997. This is in line with deposit market share in the AA.

FNB made 54 small farm loans totaling \$2,108 thousand in the two-year period. In 1997 the 7 other reporting banks made 26 small farm loans while FNB made 27, giving FNB a market share of 51%. FNB's performance exceeds the deposit market share in the AA.

FNB made a high percentage (82%) of its residential real estate loans in the assessment area. They made an adequate percentage (52% and 50% respectively) of small business loans and small farm loans within the assessment area. Most of the small farms are located in geographies adjacent to the bank's assessment area.

Geographic Distribution

The bank has an adequate geographic distribution of loans in its AA. There are no unexplained gaps in lending in the AA. All geographies within the AA have at least one residential, small business or small farm loan.

Residential Mortgage Loans

FNB's portion of residential mortgage loans in low- and moderate-income geographies is adequate when compared to the percentage of owner-occupied housing units within the AA. Tables 2 and 4 compare the bank's level of residential mortgage loans (home purchase loan originations and home mortgage refinance loan originations) to the percentage of owner-occupied housing units by type of geography. There is only one low-income geography within the AA and it contains only 16 owner-occupied housing units or 0.1% of the total owner-occupied units. The bank has made no loans in this BNA in 1997 or 1998, which is reasonable. There is only one moderate-income geography in the AA and it represents only 1.9% of the owner-occupied units in the area. FNB originated .5% home purchase loans and no residential mortgage refinances in the moderate-income BNA.

Small Business Lending

FNB's portion of small loans to businesses in low- and moderate-income geographies compared to the percentage of businesses located in the geographies reflects good penetration throughout the assessment area. Table 5 compares the bank's level of small loans to small businesses with the level of this type of businesses operating within the various geography types. While 1990 demographic data indicated that there were no businesses in the geography, this is no longer the case. The demography of the area has changed since the collection of the data.

FNB's level of lending in low- and moderate-income geographies is near the market performance of other reporting lenders in the area. FNB had 100% of the market share in low-income geography and 33% of the market share in moderate-income geography.

Small Farm Lending

FNB's portion of small loans to farms in low- and moderate-income geographies exceeds the percentage of farms located in these geographies and reflects good

penetration throughout the assessment area. Table 6 compares the bank's level of small loans to farms with the level of small farms operating within the various geography types. While 1990 demographic data indicated that there were no farms in the geography, this is no longer the case. FNB's level of lending in low- and moderate-income geographies exceeds the market performance of other reporting lenders in the area in 1997. FNB had 100% of the market share in low-income geography. There were no loans reported by any financial institution in the moderate-income BNA in 1997.

While the level of small farm lending is quite good, this performance does not weigh as heavily as small business and residential lending because of the small number of farms in the assessment area.

Distribution by Borrower Characteristics

FNB has a good distribution of loans among individuals of different income levels and businesses of different sizes.

Residential Mortgage Loans

FNB's lending to low- and moderate-income borrowers for home purchase and refinances is good. Table 7 compares FNB's home purchase lending to borrowers of different income levels to the proportion of families in each income level. FNB has an excellent distribution of loans to moderate-income borrowers with a lending level very near the percentage of moderate-income families. FNB's distribution of loans to low-income borrowers is less with only 3.1% of the bank's loans made to low-income borrowers compared to 17.6% of the families in the assessment area that fall into this income category. This can partially be explained by the number of families that are below the poverty level who have more difficulty qualifying for home purchase loans. Approximately 8 thousand households in the bank's AA are below poverty level. This represents 21.9% of the households. The large student population also figures heavily in the lending to this income group. Table 9 compares FNB's home mortgage refinance loans to borrowers of different income level to the proportion of families in each income level. The lending level to both low- and moderate-income borrowers for mortgage refinancing is excellent. Home purchase lending was considered more heavily in the evaluation because there are a significantly higher number of home purchase loans versus refinances.

Because lenders in this area are not required to file HMDA data, there is no

meaningful market data available to compare with FNB's performance.

Small Business Lending

The bank's level of lending to small businesses (less than \$1 million in gross revenues) is excellent. As indicated in Table 10, 98% of FNB's loans were to businesses with revenues of \$1 million or less. This far outweighs the percentage of small businesses in the area at 68%. FNB's lending level to small businesses is also very high when compared to 1997 market performance of 67%.

In 1997 and 1998, 88.6% of the bank's reported business loans were for amounts of \$100,000 or less. Table 10 indicates that the bank has an excellent record of serving the credit needs of businesses with small loans.

Small Farm Lending

The bank's level of lending to small farms (less than \$500 thousand in gross revenues) is excellent. As indicated in Table 11, the bank has made all of its farm loans to small farms. A high level of lending to small farms is expected given the demographics of the farm community -- 91% of farms in the area have gross revenues of less than \$500 thousand. Compared to market FNB is near that percentage.

During the examination period 89% of the bank's reported small farm loans were for amounts of \$100,000 or less. Table 11 indicates that FNB has an excellent record of serving the credit needs of the farm community with small loans.

While the level of small farm lending is quite good, this performance does not weigh as heavily as small business and residential lending because of the small number of farms in the assessment area.

Community Development Lending

The bank made an adequate level of community development loans given the opportunities in the assessment areas. During the evaluation period, the bank has two community development loans totaling \$174 thousand. The loans promoted an organization that provided community services targeted to low- and moderate-income individuals.

- < In 1997 FNB established a \$50 thousand line of credit for the New River Valley Workshop, Inc. and in 1998 FNB made a \$124 thousand loan to the Workshop. New River Valley Workshop is a not-for-profit organization whose primary objective is to give employment opportunities to mentally and physically disadvantaged people. Wages to employees are usually minimum-wage or only slightly above. This wage level is well within the definition of low- and moderate-income individuals in this area. Therefore, the Workshop meets the definition as a community services organization that targets to low- or moderate-income individuals.

Flexible or Innovative Products

FNB has not used innovative products. They have promoted a flexible consumer credit product to meet a previously recognized need in the community for "small" consumer loans. The definition of small loans is loans of \$2,500 or less that do not include credit card loans. Three hundred eighty loans totaling more than \$600 thousand were originated in calendar year 1998 from this flexible loan product (average loan amount \$1,580). Of the total loans, 51% were to low-income borrowers and 27% were to moderate-income borrowers.

INVESTMENT TEST

FNB's level of qualified investments is poor. The level is lower than expected given the bank's capacity and the opportunities. One-half of the qualified investments originated in prior evaluation periods. FNB is not considered an investment leader in the community.

Total qualified investments for this evaluation period are \$60 thousand. Of the total, \$30 thousand were made in previous evaluation periods and \$30 thousand originated in the current period. None of the investments are considered innovative or complex and all are routinely provided by private investors.

There are opportunities for qualified investment securities that specifically target the bank's AA. There are ample opportunities for investments that benefit a wider area, including the bank's AA, and ample opportunities for community development grants and donations. These opportunities include nonprofit housing organizations, community service organizations, credit counseling agencies, small business development centers and small business venture capital funds and micro-loan funds that serve areas including the bank's AA.

The investment was a \$30 thousand general purpose bond for the Virginia Housing Development Authority (VHDA) purchased in 1989. VHDA bond support an organization that focuses on establishment and maintenance of decent, affordable housing throughout the state of Virginia, including FNB's assessment area.

In addition to the above investment security, FNB made donations in 1998 totaling \$20 thousand to the New River Valley (NRV) Economic Development Alliance. NRV Economic Development Alliance supports new and existing businesses. Approximately 50% are small businesses, according to the Alliance's executive director. He also indicated that a substantial majority of the programs are targeted to small businesses. While NRV defines small businesses in terms of number of employees rather than revenues, their definition would not be significantly different. According to the demographic data for the AA, only 7% of businesses were large businesses. The major focus of the Alliance is to attract new basic industrial manufacturing and service employers to the New River Valley -- thus promoting permanent job creation.

The remaining \$10 thousand of the qualified investments consist of grants and donations to various community service organizations that target low- and

moderate-income individuals.

SERVICE TEST

Accessibility of Retail Services

Delivery systems are adequately accessible to geographies and individuals of different income levels in the AA. Services and business hours do not vary in a way that inconvenience any portion of the AA.

FNB has eleven full-service branches, fifteen ATMs, and three cash dispensing machines located throughout the AA. Bank offices and ATMs are located near population centers or business districts and are on or near main thoroughfares. All branches and ATMs are distributed throughout the moderate-, middle-, and upper-income areas. This is reasonable because the area has only one low-income BNA that is very sparsely populated and only one moderate-income BNA. One ATM is located in a "NA" BNA-- on the VA Tech Campus. 17% of the BNAs representing 7% of the population are not classified. The bank has not closed any branches since the previous examination.

Banking hours are reasonable and commensurate with other bank competitors. All branches offer drive-up window hours on Saturday except the Virginia Tech Corporate Research Center Office. This branch does not have a drive-up window. The FNB Center Office has extended hours during the week, opening at 7:00 A.M. Monday through Friday. This branch is located in area with the largest populations and on the busiest street. This improves service to the working public. The bank offers 24-hour access to account information through its *X-Press Banking* automated telephone service. Customers can make account balance inquiries, determine account activity and make loan and payment inquiries. No additional fees or service charges are assessed to customers using this service.

Bank ATMs, automated telephone service and Saturday drive-up window hours add to the convenience for all customers. Their effectiveness in providing needed services specifically to low- and moderate-income areas and individuals could not be determined.

All commercial loans, trust, and mortgage loan representatives are housed at the FNB Center. The officers work in conjunction with the branch managers to serve the customer's needs. Customers wanting commercial loan, trust or mortgage loan services have the option of going to the FNB Center or setting up an appointment with an officer who will meet the customer at any branch location.

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All other services including consumer loans are offered at every branch location.

This system does not vary in a way that inconveniences portions of the assessment area, particularly low and moderates income geographies or individuals.

Community Development Services

FNB and its employees provide an adequate level of community development services, given its capacity and the number and variety of community development organizations located within the AA. The level is considered adequate both in number of services provided and in the number of Low- and moderate-income individuals served. There are ample opportunities for community development services. These opportunities include providing assistance to nonprofit housing organizations, community service organizations, credit counseling agencies, small business development centers and small business venture capital funds and micro-loan funds that serve areas including the bank's AA.

The services provided by FNB primarily relate to technical assistance about financial services, training about how to get or use credit and fundraising activities to organizations involved in qualified community development activities.

- < *Pembroke Management, Inc.*
This organization is a Housing and Urban Development Section 8 rental assistance program for the counties of Montgomery, Giles, Floyd and Pulaski. A senior bank officer is the current chairman whose duties include technical assistance about financial services.

- < *Indoor Plumbing Rehabilitation.*
This organization assists in providing affordable housing to low and moderate income individuals by disbursing grant funds to bring substandard housing up to code. The organization provides funds for wells, septic, indoor plumbing and bathrooms plus up to \$28 thousand for structural rehabilitation. The Indoor Plumbing Rehabilitation organization serves Montgomery, Giles and Pulaski Counties. A senior bank officer is the current Chairman of this organization and duties include technical assistance about financial matters.

- < *Department of Housing and Community Development Fair Housing Workshop.*

A senior bank officer participated in the workshop to discuss businesses and financial institutions partnering with nonprofit organizations to develop strategies for meeting housing needs in the area.

- < FNB sponsored a free *Home Financing Seminar* at the Radford Office. This seminar was targeted to first time home buyers, particularly low and moderate income borrowers. A representative from The Virginia Housing Development Authority spoke at the seminar about their program targeted to low- and moderate-income individuals. Forty individuals registered for the event and 15 attended.

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").

Time Period Reviewed	Lending Test: (January 1, 1997 to December 31, 1998) Investment Test: (January 1, 1997 to December 31, 1998) Service Test: (January 1, 1997 to December 31, 1998)	
Financial Institution	Products Reviewed	
First National Bank (FNB) Christiansburg, VA	Home Purchase Loans, Home Refinance Loans, Small Business Loans and Small Farm Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
NONE	NA	NA
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Christiansburg	Full-Scope	

Appendix B: Market Profiles for Full-Scope Areas

Market Profiles for Areas Receiving Full-Scope Reviews

CHRISTIANSBURG, VIRGINIA

Demographic Information for Full-Scope Area: Christiansburg VA							
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #	
Geographies (BNAs)	26	4%	4%	46%	27%	17%	
Population by Geography	111,969	< 1%	4%	64%	25%	7%	
Owner-Occupied Housing by Geography	42,234	< 1%	2%	69%	29%	0%	
Businesses by Geography	2,711	0	3%	61%	36%	0	
Farms by Geography	53	0	4%	57%	39%	0	
Family Distribution by Income Level	24,581	18%	16%	20%	46%	0	
Distribution of Low- and Moderate-Income Families throughout AA Geographies	24,581	< 1%	2%	69%	29%	0	
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$28,301 = \$35,900 = 10%	Median Housing Value Unemployment Rate (1998) Montgomery County -- 2.6%, Pulaski County -- 5.4%				= \$73,294	

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

FNB has defined the Assessment Area (AA) to be all of Montgomery County (#121), four contiguous BNAs in Pulaski County (#155), and Radford City (#750).

The local area is widely known as Virginia's New River Valley. Located approximately 50 miles west of Roanoke, this part of southwestern Virginia was first settled in the early 1700's. The towns of Blacksburg and Christiansburg are the population centers of Montgomery County while Pulaski and Radford lead Pulaski County in population. The local topography varies from gently rolling to steep mountainous terrain. Sixty percent of Montgomery County is forested.

The economy is largely influenced by Virginia Polytechnical Institute and State University (Virginia Tech). Located in Blacksburg, Virginia Tech is the largest university in Virginia and is a leading research institution. Radford University is

also located in the City of Radford which is between Montgomery and Pulaski Counties. Combined, there are approximately 34 thousand full and part-time students in the AA. The area's income figures are heavily influenced by the large student population which tends to diminish the income figures. The third largest employer in the area is the Radford Arsenal. Other industries include a wide variety of manufacturing concerns and agriculture-related enterprises.

There are 26 BNAs in the assessment area. Of these, 4% are low-income, 4% are moderate-income, 46% are middle-income and 27% are upper-income. Five BNAs, representing 19% are not classified but had a population of approximately 8 thousand.

There are approximately 108 thousand persons and 26 thousand families in the AA. Eighteen percent of the families are low-income and 17 percent of the families are moderate-income. Ten percent of the families in the AA are below the poverty level. This is based on the 1998 statewide nonmetropolitan median family income of \$35,900.

Unemployment levels for these individual counties for 1997 (the latest available county detail) is mixed when compared to the overall average unemployment level for the state and the nation. Montgomery County's unemployment rate averaged 2.6 % in 1997 and Pulaski County's unemployment rate averaged 5.4% in 1997, compared to the State of Virginia unemployment rate of 4.0% and USA unemployment rate of 4.9%. The AA unemployment rate has improved from the 4.9% as of the last CRA Evaluation.

As of June 30, 1998, FNB's deposits totaled approximately \$364 million. Deposit market share in Montgomery County is 39% giving FNB a number one ranking of ten financial institutions. FNB's presence in Pulaski County is considerably lower with one branch located in Dublin. FNB ranks seventh of seven financial institutions in Pulaski County with a 4% market share. Local competition is primarily from branches of very large banks with headquarters out of the area.

Because this is a not a metropolitan statistical area, Home Mortgage Disclosure Act data is not available for residential mortgage loans made by non-reporting financial institutions. There is not, therefore, sufficient data available to make a direct comparison of mortgage lending data with other area banks.

Appendix C: Tables of Performance Data

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 1. Lending Volume

LENDING VOLUME													State: Virginia		Evaluation Period: January 1, 1997 TO December 31, 1998	
Assessment Area:	% of Total Bank Deposits in Rated Area	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Total Reported Bank Loans in Rated Area				
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)					
Full-Scope:																
Christiansburg	100%	713	60,901	942	49,108	54	2,108	2	174	1,711	112,291	100%				
Limited-Scope:																
None																

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	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total				
Full-Scope:																				
Christiansburg	0.1%	0.0%	1.9%	0.5%	69.5%	55.0%	28.5%	44.5%	NA	NA	NA	NA	NA	NA	677	100%				
Limited-Scope:																				
NONE																				

(*) 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	
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	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total			
Full-Scope:																			
Christiansburg	0.1%	NA	1.9%	NA	69.5%	NA	28.5%	NA	NA	NA	NA	NA	NA	NA	NA	NA			
Limited-Scope:																			
NONE																			

(*) 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	
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	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total				
Full-Scope:																				
Christiansburg	0.1%	0.0%	1.9%	0.0%	69.5%	66.7%	28.5%	33.3%	NA	NA	NA	NA	NA	NA	36	100%				
Limited-Scope:																				
None																				

(*) 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*	% BANK Loans	% of Businesses*	% BANK Loans	% of Businesses*	% BANK Loans	% of Businesses*	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total				
Full-Scope:																				
Christiansburg	0.0%	0.9%	1.5%	0.4%	61.5%	51.3%	36.3%	47.4%	1	36%	100%	33%	26%	56%	942	100%				
Limited-Scope:																				
NONE																				

(*) 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*	% BANK Loans	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total				
Full-Scope:																				
Christiansburg	0.0%	1.9%	3.8%	18.5%	56.7%	46.3%	39.6%	33.3%	1	51%	100%	NA	37%	94%	54	100%				
Limited-Scope:																				
None																				

(*) 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	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total				
Full-Scope:																				
Christiansburg	17.6%	3.1%	16.3%	16.0%	20.6%	26.9%	45.5%	54.0%	NA	NA	NA	NA	NA	NA	677	100%				
Limited-Scope:																				
None																				

(*) As a percentage of loans with borrower income information available.

(**) 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	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total				
Full-Scope:																				
Christiansburg	17.6%	NA	16.3%	NA	20.6%	NA	45.5%	NA	NA	NA	NA	NA	NA	NA	NA	NA				
Limited-Scope:																				
None																				

(*) As a percentage of loans with borrower income information available.

(**) 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	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Christiansburg	17.6%	13.9%	16.3%	16.7%	20.6%	25.0%	45.5%	44.4%	NA	NA	NA	NA	NA	NA	36	100%
Limited-Scope:																
None																

(*) As a percentage of loans with borrower income information available.

(**) 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					
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*	% BANK 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:											
Christiansburg	68%	97.8%	67%	88.6%	7.6%	3.8%	36.2%	59.1%	942	100%	52
Limited-Scope:											
None											

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

(**) As a percentage of loans with revenue information available.

(***) The market consists of all other Small Business reporters in FNB'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*	% BANK 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:																						
Christiansburg	91%	100%	100%	89%	11%	0%	50.9%	58.7%	54	100%	40											
Limited-Scope:																						
NONE																						

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

(**) As a percentage of loans with revenue information available.

(***) The market consists of all other Small Farm reporters in FNB'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: January 1, 1997 TO December 31, 1998			
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments		
	#	\$ (000's)	% **	#	\$ (000's)	% **	#	\$ (000's)	% of Total \$'s
Full-Scope:									
Christiansburg	2	30	50%	5	30	50%	7	123	100%
Limited-Scope:									
None									

(*) "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 System

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM				State: Virginia				Evaluation Period: January 1, 1997 TO December 31, 1998									
MSA/Assessment Area:	Deposits	Branches						ATMs				Population					
	% of Total BANK Deposits	# of BANK Branches	% of Total BANK Branches	Location of Branches by Income of Geographies				# of BANK ATMs	% of Total BANK 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:																	
Christiansburg	100%	11	100%	0	18%	45%	36%	15	100%	0	0	60%	33%	.03	4.18	63.79	24.85
Limited-Scope:																	
None																	