



PUBLIC DISCLOSURE

June 8, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Century Bank, N.A.
Charter Number 4643
500 Federal Street
Bluefield, West Virginia 24701**

**Office of the Comptroller of the Currency
Roanoke Field Office
3800 Electric Road, Suite 204
Roanoke, Virginia 24701**

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.

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 Community Reinvestment Act (CRA) performance of the **First Century Bank, N.A.** prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of March 31, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 Code of Federal Regulations (CFR) Part 25.

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

Since this institution operates offices in two states it receives individual state ratings. The individual state ratings are as follows:

- West Virginia performance is rated **Satisfactory**.
- Virginia performance is rated **Satisfactory**.

The **First Century Bank, N.A.** has met or exceeded the standards for satisfactory performance for each of the following assessment criteria: loan to deposit ratio; lending within the assessment area; lending to borrowers of different incomes and to businesses of different sizes; geographic distribution of loans; and, response to consumer complaints. This evaluation is based on information analyzed from the bank's last CRA rating dated April 29, 1996 through March 31, 1998.

The following table indicates the level of CRA performance of the **First Century Bank, N.A.** with respect to each assessment criterion for small institutions:

SMALL INSTITUTION ASSESSMENT CRITERIA	<i>First Century Bank, N.A.</i> PERFORMANCE LEVELS		
	<u>Exceeds</u> Standards for Satisfactory Performance	<u>Meets</u> Standards for Satisfactory Performance	<u>Does Not Meet</u> Standards for Satisfactory Performance
Loan to Deposit Ratio	X		
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different sizes	X		
Geographic Distribution of Loans		X	
Response to Complaints	The Bank has received no CRA related complaints.		

DESCRIPTION OF INSTITUTION

The First Century Bank, N.A. (FCB) is a \$247 million community bank with its main office located in Bluefield, West Virginia. FCB also operates 5 additional branches in Mercer and Wyoming Counties of West Virginia, and one branch in Bluefield, Virginia. There are drive-through facilities at all of its branches. The bank operates eight automated teller machines with six in Mercer County and two in Wyoming County.

As of March 31, 1998, net loans represented approximately 69% of total assets and 83% of total deposits. FCB's loan portfolio consists of approximately 64% real estate loans, 13% consumer loans, and 23% commercial loans. The bank offers a variety of traditional loan products which include residential real estate, small business, and consumer loans. FCB also originates long term fixed rate mortgages which are sold in the secondary market to the Federal National Mortgage Association.

FCB is considered "well capitalized", as defined by Section 131 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA) of 1991. There are no financial conditions, legal constraints, or other conditions that would hinder the bank's ability to help meet the credit needs of its assessment area. FCB's CRA performance was last evaluated in April 1996 and was rated Satisfactory.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area (AA) includes the contiguous area of Mercer and Wyoming Counties in West Virginia, and the city of Bluefield, Virginia. The AA includes twenty-three block numbering areas (BNA), of which one is a moderate income area, twenty are middle income areas and two are upper income areas. The bank's AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

Mercer and Wyoming Counties are located in the extreme southern section of West Virginia, approximately 100 miles from the state Capitol in Charleston. Bluefield, Virginia is in Tazwell County just across the state line, adjacent to Mercer County. Total population for the AA is approximately 97,000. The 1997 estimated statewide non-metropolitan median family income¹ for West Virginia is \$27,600 and \$34,800 for

¹The term median family income describes the median income earned by people sharing a home that are related by birth, marriage, or adoption.

Virginia. The local economy has historically been linked to the coal industry, which experienced a significant downturn in the late 1970s and 1980s. This downturn resulted in a decrease in population and efforts by local civic leaders to diversify the economy.

The largest employers in Mercer County include: the Board of Education; Princeton Community Hospital; and Bluefield regional Medical Center. The largest employers in Wyoming County include the Board of Education and the coal industry. The March 1998 unemployment rates for Mercer and Wyoming counties were 6.1% and 8.4%, respectively.

Discussions with bank officials and community contacts indicate community credit needs include: consumer loans; small business loans; loans to help start or relocate businesses in the area; and real estate loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan to Deposit Ratio

FCB's loan to deposit ratio is more than reasonable given the institution's size, competition, and local economic conditions. During the past two years prior to this examination, FCB's loan to deposit ratio has averaged approximately 80%. This compares favorably to local financial institutions and exceeds the average of the bank's national peer group. Additionally, FCB originated and sold 145 mortgages totaling \$10 million, and 165 mortgages totaling \$12 million during 1996 and 1997, respectively.

Lending in the Assessment Area

A majority of the bank's lending activity is within the AA. In order to determine this, we analyzed the real estate loans in FCB's loan portfolio. This review consisted of all residential real estate loans originated between January 1, 1998 and March 31, 1998. The finding of this review is representative of the bank's overall lending performance in addressing the housing related needs within their AA. The table below illustrates the bank's lending in the AA:

REAL ESTATE MORTGAGE LOANS

	Number of Loans Originated	Percent of Number of Loans Originated	Dollar Amount of Loans Originated (000)	Percent of Dollar Amount of Loans Originated
Inside AA	32	74%	\$1,779M	78%
Outside AA	11	26%	\$504M	22%
TOTALS	43	100%	\$2,283M	100%

Additionally, we reviewed consumer and commercial loan originations during the first quarter of 1998. We found that 67% of the commercial loans, and 75% of consumer loans were originated within the AA.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

FCB lends to borrowers of different income levels and businesses of different sizes. We determined this by reviewing a sample of consumer loans. The following table illustrates FCB's lending to individuals of different income levels, based on this sample of loans:

CONSUMER LOANS WITHIN THE ASSESSMENT AREA BY BORROWER INCOME LEVEL

Income Level	Number of Loans	Percent by # of Loans	Amount of Loans(000)	Percent by \$ Amount
Low	19	26%	\$53M	17%
Moderate	19	26%	\$98M	31%
Middle	21	29%	\$83M	26%
Upper	14	19%	\$83M	26%
Total	73	100%	\$317M	100%

The preceding chart demonstrates that FCB's level of consumer lending is very good to low and moderate income individuals. Demographics for the AA indicate that the population is comprised of 22% low income families and 17% moderate income families. FCB's consumer lending levels of 26% to low income individuals and 26% to moderate income individuals exceeds the demographics and demonstrates the bank's commitment to meeting community credit needs.

Additionally, the bank's level of lending to businesses of different sizes is more than reasonable and is consistent with the number of small businesses located in the AA. By using the size of the loans extended to businesses as an indicator of business size, we found that 95% of the commercial loans originated between January 1, 1997 and March 31, 1998 were for amounts less than \$1,000,000. In addition, 46% of these loans made were for amounts less than \$100,000.

Geographic Distribution of Loans

Based on the demographics of the AA and the fact that there are no low income geographies and only one moderate income geography, a geographic analysis of FCB's distribution of loans is not meaningful. Based on our review of lending inside the AA, the bank's distribution of loans reflects a reasonable dispersion throughout their AA. We found that loan originations tend to be concentrated in close proximity of the branches, where the population centers are also located. The bank's lending pattern does not exhibit any conspicuous, unexplainable gaps.

Response to Complaints

FCB has not received any CRA related complaints since its prior CRA evaluation in April 1996.

Compliance with Antidiscrimination Laws and Regulations

A fair lending examination was performed in conjunction with our CRA evaluation. This fair lending examination consisted of a loan terms analysis of real estate loans made for the purpose of purchasing or refinancing a residence, and secured by the residence. No violations of the substantive provisions of Antidiscrimination laws and regulations were identified.