



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 27, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Rocky Mount
Charter Number 16406**

**P.O. Box 309
Rocky Mount, Virginia 24151**

**Office of the Comptroller of the Currency
3800 Electric Road, Suite 204
Roanoke, Virginia 24018**

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 **First National Bank of Rocky Mount** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of February 27, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 25.*

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

First National Bank of Rocky Mount has a satisfactory record of meeting the credit needs of its community, including the needs of the low- and moderate-income individuals. This assessment is based on an adequate level of loan originations, a reasonable level of lending within the bank's assessment area, an excellent level of lending to borrowers of different incomes and businesses of different sizes and an appropriate distribution of lending among the geographies within the assessment area.

The following table indicates the performance level of **First National Bank of Rocky Mount** to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	First National Bank of Rocky Mount Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet 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	No complaints were received.		

DESCRIPTION OF THE INSTITUTION

First National Bank of Rocky Mount is a \$306 million institution with headquarters in Rocky Mount, Virginia. First National Bank of Rocky Mount operates three office locations in the independent cities of Roanoke and Bedford as well as five office locations in Franklin, Craig and Pittsylvania Counties in Virginia.

To help meet the credit needs of its community, First National Bank of Rocky Mount offers a variety of banking products and services including agricultural, small business, residential, consumer, and commercial loans. The bank further facilitates credit availability in its community through an associated entity, *The Mortgage Company of Virginia*. This company can accommodate a broad range of long term mortgage products, including a variety of government sponsored programs. Through this company, the bank has provided its community with the opportunity to obtain long term conventional fixed- and adjustable-rate mortgages.

Although lending is concentrated in areas surrounding the bank's branches, the bank is effectively serving its entire assessment area. The bank faces a significant amount of competition in the area but there are no financial or legal impediments restricting the lending activities of the bank.

DESCRIPTION OF THE ASSESSMENT AREA

First National Bank of Rocky Mount has established two assessment areas. The primary assessment area is comprised of the independent cities of Roanoke and Bedford, Franklin and Bedford counties as well as the northern portion of Pittsylvania County. The bank operates seven of eight offices in this area. The bank's second assessment area is comprised of Craig County.

The assessment area is comprised of 54 census tracts and block numbering areas (BNAs), of which three are low income, seven are moderate income, 29 are middle income, four are upper income and eleven are not populated.

The assessment area has a total population of approximately 202,161. The updated MSA Median Family Income for this area is \$40,028. The area has a stable economy and is a major center of medical services, furniture, textile and prefabricated home manufacturing. The area's largest employers include Carilion Health System, Norfolk Southern Corporation, Bassett-Walker, Inc., Cooper Wood Products, Lane Company, and MW Manufacturers.

Discussions with community action groups and revitalization project leaders indicate that community credit needs include affordable home improvement loans and small dollar consumer loans. First National Bank of Rocky Mount is addressing these needs through existing products. Management entertains all credit requests and has not specified a minimum loan amount.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN TO DEPOSIT RATIO

The loan to deposit ratio, while low, is reasonable considering the level of competition in the area and the bank's level of secondary market lending activity during 1997. The loan to deposit ratio has averaged 64% since December, 1995. This ratio is below the bank's peer average of 78% for the same time period.

First National Bank of Rocky Mount also facilitates residential mortgage originations in its community through its associated entity, *The Mortgage Company of Virginia*. Through this avenue, 27 additional residential mortgage loans totalling \$1.9 million were originated throughout the bank's community during 1997. Offering access to these long term, fixed rate mortgage products demonstrates a willingness to meet established credit needs of the community.

Area competitors include several independent institutions and numerous branches of large regional banks.

LENDING IN THE ASSESSMENT AREA

The majority of the bank's lending activities are within the bank's assessment area. Based on residential real estate and other consumer purpose lending patterns, approximately 78% of the number of loans originated in 1997 were to borrowers residing within the bank's assessment area.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND BUSINESSES OF DIFFERENT SIZES

First National Bank of Rocky Mount has demonstrated an excellent distribution of loans among borrowers of different incomes and businesses of different sizes, particularly low- and moderate-income individuals. An analysis of the number of residential mortgage loans originated during 1997 reveals that approximately 39% of these loans were originated to low-income borrowers and 26% were originated to moderate-income borrowers. This penetration is strong given that low- and moderate-income families comprise 21% and 19% of the assessment area, respectively.

1997 Consumer Lending by Income Level					
Income Level	Residential Mortgages		Other Consumer Loans		% of Families in the Assessment Area
	#	%	#	%	

1997 Consumer Lending by Income Level					
Income Level	Residential Mortgages		Other Consumer Loans		% of Families in the Assessment
Low	44	39%	14	56%	Area 21%
Moderate	30	26%	5	20%	19%
Middle	20	18%	3	12%	26%
Upper	19	17%	3	12%	34%
Total	113	100%	25	100%	100%

An analysis of other consumer purpose lending activities reveals an excellent penetration of lending among borrowers of different incomes, specifically low- and moderate-income borrowers. A random sample of consumer loans shows that 76% of auto loans generated during 1997 were originated to low- and moderate-income borrowers. This represents a strong penetration of lending among retail borrowers of different income levels.

A review of commercial lending activities from May through November, 1997, indicates an adequate distribution of lending by loan size. During this time period, the bank originated 311, or \$8.9 million, commercial purpose loans, for an average loan of \$28,520. A sample of 154 of these loans indicated that approximately 17% of them were to businesses with less than \$1 million in annual revenues.

GEOGRAPHIC DISTRIBUTION OF LOANS

First National Bank of Rocky Mount has a reasonable penetration of credit extensions throughout its assessment area. An analysis of the bank's consumer lending patterns indicates that loans are concentrated in census tracts and block numbering areas located nearest the bank's branches. However, efforts to extend credit do not exclude any particular geographies.

REVIEW OF COMPLAINTS

The bank has received no CRA related complaints.

COMPLIANCE WITH ANTI-DISCRIMINATION LAWS

No violations of the substantive provisions of the anti-discrimination laws and regulations were noted.