

PUBLIC DISCLOSURE

February 26, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Sentinel Bank

05512322

315 Railroad Avenue

Richlands, Virginia 24641

Federal Reserve Bank of Richmond

P. O. Box 27622

Richmond, Virginia 23261

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.

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**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 Sentinel Bank prepared by The Federal Reserve Bank of Richmond, the institution's supervisory agency, as of February 26, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 228.

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

The bank at least meets the expectations for satisfactory performance for each of the assessment criteria. No complaints have been reported concerning the institution's performance in meeting community credit needs.

The following table indicates the performance level of First Sentinel Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>FIRST SENTINEL BANK</u> 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 since the prior examination.		

**DESCRIPTION OF INSTITUTION**

First Sentinel Bank maintains two offices in Tazewell County, Virginia. As of December 31, 1995, the bank had total assets of \$34.8 million of which 58% were loans. Various loan and deposit products are available through the institution including loans for residential real estate, small business, commercial and industrial, community development and consumer purposes. Low cost checking accounts as well as other deposit products are also offered. Management's strategic focus is primarily on consumer lending with approximately 60% of the loan portfolio comprised of such loans.

**DESCRIPTION OF ASSESSMENT AREA**

Tazewell County, Virginia, is primarily rural and is located in the southwestern portion of the Commonwealth bordering West Virginia. The Town of Richlands is located on the Clinch Valley River in the western part of Tazewell County. The local economy is primarily based on the coal industry. Agriculture and manufacturing provide additional employment opportunities for the 45,960 residents of Tazewell County; however, the county's unemployment rate remains high at 7.3% compared to the Commonwealth's average of 4.1%. A community contact was performed during the examination to assist in evaluating the bank's CRA performance.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**LOAN-TO-DEPOSIT RATIO**

The bank's average loan-to-deposit ratio for the last six quarters was 64%. This ratio is considered reasonable given the institution's size, financial condition, and location.

**LENDING IN ASSESSMENT AREA**

A sample of 109 consumer loans secured by motor vehicles extended between February 1, 1995 and January 31, 1996 was reviewed to determine the bank's lending within its assessment area. As illustrated below, a majority of the number and dollar amounts of the sampled loans have been provided to residents of the assessment area.

**Comparison of Credit Extended Inside and Outside of the Assessment Area**

**Motor Vehicle Loans**

	<b>Inside Assessment Area</b>	<b>Outside Assessment Area</b>	<b>Total</b>
<b>Total Number of Loans</b>	93	16	109
<b>Percentage of Total Loans</b>	85%	15%	100%
<b>Total Amount of Loans (000s)</b>	\$870	\$176	\$1,046
<b>Percentage of Total Amount</b>	83%	17%	100%

**LENDING TO BORROWERS OF DIFFERENT INCOMES**

The following chart illustrates lending to applicants of different income levels within the assessment area. This sample suggests that the bank has been successful in lending to borrowers of all income levels. A significant portion (41%) of motor vehicle loans were extended to low- and moderate-income applicants. Forty-six percent of the families within the assessment area are considered low- and moderate-income.

**Distribution of Loans in Assessment Area by Income Level of Borrower**

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
<b>Total Number of Loans</b>	21	17	19	36	93
<b>Percentage of Total Loans</b>	23%	18%	20%	39%	100%
<b>Total Amount of Loans (000s)</b>	\$100	\$133	\$242	\$395	\$870
<b>Percentage of Total Amount</b>	12%	15%	28%	45%	100%

**GEOGRAPHIC DISTRIBUTION OF LOANS**

The review of loan files also included an analysis of lending among various block numbering areas (BNAs) in the assessment area. The following chart depicts the geographic distribution of lending. The assessment area consists only of moderate- and middle-income BNAs, there are no low- or upper-income areas. Approximately 74% of sampled loans in the market were within moderate-income BNAs, which compares favorably to the 47% of the county population residing in this category of BNA.

**Distribution of Loans by Income Level of Block Numbering Area**

	Moderate- Income	Middle- Income	Total
<b>Total Number of Loans</b>	69	24	93
<b>Percentage of Total Loans</b>	74%	26%	100%
<b>Total Amount of Loans (000s)</b>	\$666	\$204	\$870
<b>Percentage of Total Amount</b>	77%	23%	100%

**COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS**

No credit practices inconsistent with the substantive provisions of the fair housing and fair lending laws and regulations were identified. An isolated violation of the technical aspects of the Equal Credit Opportunity Act's Regulation B was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.