



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 27, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Central National Bank
Charter Number 23087

Post Office Box 2810
Lynchburg, Virginia 24501

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 **Central National Bank** 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 to 12 CFR Part 25.*

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

Central National Bank (CNB) demonstrates satisfactory performance in meeting its community's credit needs. This is evidenced by a reasonable loan-to-deposit ratio and a majority of the bank's loans and lending related activities being within its assessment area. The bank's lending activity also shows good distribution among businesses of different sizes and individuals of different income levels. The bank's lending within its assessment area is reasonably distributed based on the geographic distribution of the area's census tracts.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	Central National Bank 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 INSTITUTION:

Central National Bank was formed on July 2, 1996 as a result of the spin-off of the Lynchburg Office of Peoples National Bank, formerly the Peoples Bank of Danville. This is the bank's first CRA performance evaluation since opening. The bank operates with two offices located in Lynchburg, Virginia. It has \$44 million in assets, \$30 million in loans and \$39 million in deposits. Central National Bank has no constraints in its ability to meet various credit needs within its assessment area. Lending activity has been moderate over the past year, with growth in all loan categories. The loan portfolio is distributed, by percentage, as follows: commercial real estate 78%; residential real estate 8%; commercial loans 9%; and consumer loans 5%. The concentration in commercial real estate results from participations purchased from other banks in the chain system. Additional residential real estate lending activity, which is not reflected on the bank's books, is facilitated through an associated entity, the Mortgage Company of Virginia.

DESCRIPTION OF ASSESSMENT AREA:

The bank's designated assessment area includes the city of Lynchburg and the adjacent area of Campbell County. This area comprises 65 census tracts, of which nearly half are either wooded areas or contain no households. Total population of the assessment area, based on 1990 census data, is 114,000. Of the 34 census tracts that contain households, 35% are designated as low or moderate income, 47% are middle, and 18% are upper income. The updated MSA Median Family Income for this area is \$39,700.

The local economies of Lynchburg and Campbell County are diversified, with the manufacturing sector being the primary source of employment. There is no concentration in the types of products manufactured in the area. With several colleges in the region, higher education is another key employer in the bank's assessment area.

Discussions with local community development groups indicate a need for small business financing as well as infrastructure improvements and land acquisition financing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio:

CNB exhibits a reasonable loan-to-deposit (LTD) ratio compared to similarly situated institutions. The LTD ratio has averaged 79% since opening and is at 81% as of September 30, 1997. This is in line with peer bank ratios. Competition in the assessment area includes more than half a dozen banks, with over forty branch locations. The area is predominantly served by larger banks headquartered outside the assessment area.

Central National Bank facilitates credit in its assessment area that is not reflected on the bank's balance sheet. Customers are referred to the bank's associated company, the Mortgage Company of Virginia, for conventional residential mortgages. This activity accounted for 10 loans totaling \$702M in 1997. The Mortgage Company of Virginia participates in programs offered by the Virginia Housing Development Authority which benefit borrowers with low and moderate income levels.

Lending Within the Assessment Area:

Central National Bank is appropriately lending within the assessment area. A sample of credits indicates that 72% of loans have been made to customers residing in the bank's assessment area.

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

The bank's lending activity exhibits good distribution among individuals of different income levels. This examination indicates that half of the sampled instalment loans, and nearly a third of the sampled real estate loans, have been made to low or moderate income individuals. This compares favorably with area demographics as 40% of families are in the low or moderate income bracket.

Income Level	% of Families in Assessment Area	% of Sample Located in Tract
Low	21%	11%
Moderate	19%	30%
Middle	22%	24%
Upper	38%	35%

The bank's lending activity exhibits a reasonable distribution among businesses of all sizes including small business. Fifty five percent of business loans made in 1997 were to small businesses.

Geographic Distribution of Loans:

Central National Bank has a reasonable distribution of loans throughout the assessment area. Based on a sample of credits reviewed at this examination, nineteen percent of loans are to borrowers located in low or moderate income tracts. Given the bank's limited number of branches and the sparse population of the low and moderate tracts, this is a reasonable lending distribution.

Other Information:

The bank has not received any written complaints regarding its CRA performance since the prior examination.

In addition to the CRA review, a review of the bank's compliance with Fair Lending laws and regulations. No violations of the substantive provisions of antidiscrimination laws and regulations were identified during this examination.