

PUBLIC DISCLOSURE

January 16, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Consolidated Bank & Trust Company

05512360

320 N. 1st Street

Richmond, Virginia 23219-1722

Federal Reserve Bank of Richmond

P. O. Box 27622

Richmond, Virginia 23261

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 Consolidated Bank & Trust Company, Richmond, Virginia prepared by The Federal Reserve Bank of Richmond, the institution's supervisory agency, as of January 16, 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 Outstanding.

The bank exceeds the expectations for satisfactory performance for two of the three lending distribution assessment criteria. Further, the sample of loan files reviewed during the examination suggests that, even in middle- and upper-income tracts, most of the loans were made to low- and moderate-income borrowers. No complaints have been received since the previous evaluation regarding CRA performance. At the bank's request, its community development services and qualified investments were considered. The location of branches in low- and moderate-income neighborhoods, in particular, was considered very responsive to community needs.

The following table indicates the performance level of Consolidated Bank & Trust Company, Richmond, Virginia, with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>CONSOLIDATED BANK AND TRUST COMPANY</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	Not Applicable	Not Applicable	Not Applicable

**DESCRIPTION OF INSTITUTION**

Consolidated Bank & Trust Company has four offices in the metropolitan Richmond area and one branch office located in the City of Hampton, Virginia. Four of these branches either are within or primarily serve low- and moderate-income census tracts. As of September 30, 1995, the bank had \$94.7 million in assets of which 47% were loans. Various credit and deposit products available through the institution include loans for commercial, residential mortgage, consumer, and community development purposes, as well as low-cost checking and savings accounts. The composition of the bank's loan portfolio is 56% commercial, 36% real estate-secured, and 8% consumer.

**DESCRIPTION OF THE RICHMOND ASSESSMENT AREA**

The Richmond assessment area incorporates most of the City of Richmond and portions of Henrico and Chesterfield Counties. Specifically, it includes the following census tracts:

<u>Richmond</u>	<u>Henrico</u>	<u>Chesterfield</u>
101.98	2008.02	1001.96
102 to 111	2008.04	1001.97
201 to 212	2008.05	1002.06 to 1002.08
301 to 306	2009.01	1002.94
401 to 416	2009.03	1002.95
601 to 606	2009.04	1003.00
607.98	2010.02	1004.04 to 1004.07
706 to 708	2010.03	1008.16
709.98	2011.01	1009.02
710.98	2011.02	1009.07 to 1009.10
711	2015.01	1009.18

This entire assessment area is within the Richmond-Petersburg Metropolitan Statistical Area (MSA), which has a median family income of \$45,900. The population of the delineated market is 289,018, of which 50% are minorities. In addition, 50% of market residents live in low- and moderate-income census tracts. The metropolitan area's economy is well diversified with a mixture of manufacturing, service, and Government employment opportunities. Some of the major industries include metal fabrication, tobacco processing, pharmaceuticals, food products, chemicals, insurance, and banking. A large percentage of the city's labor force commutes from the surrounding counties of Chesterfield, Henrico, and Hanover. The unemployment rates for Chesterfield and Henrico Counties are 2.8% and for the City of Richmond, 4.6%. Information from a community contact performed during the examination, as well as from contacts by other supervisory agencies, was used to assist in evaluating the institution's CRA performance in this assessment area.

**DESCRIPTION OF CITY OF HAMPTON ASSESSMENT AREA**

The Hampton assessment area incorporates portions of the Cities of Hampton and Newport News and includes the following census tracts:

<u>Hampton</u>	<u>Newport News</u>
101.01	303.98
101.02	305.00
103.02	306.00
103.03	308.00
103.98	309.00
104.00	
105.00	
106.01	
106.02	
107.00	
108.00	
110.00	
115 to 120	

The Hampton assessment area is part of the Norfolk-Virginia Beach-Newport News MSA, which has a median family income of \$39,900. The population for the delineated market is 137,306, of which 49% are minorities. In addition, 29% percent of the market population resides in low- and moderate-income census tracts. The area's economy is well diversified and offers employment in a wide range of service and manufacturing firms. Primary industries include shipbuilding, shipping, tourism, and wholesale and retail trade. The presence of several military installations also provides job and business opportunities. The unemployment rate for both the City of Hampton and the City of Newport News is 4.9%. Information from community contacts performed during recent examinations, as well as from contacts by other supervisory agencies, was used to assist in evaluating the bank's CRA performance in this assessment area.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**LOAN-TO-DEPOSIT RATIO**

The average loan-to-deposit ratio for the first three quarters of 1995 was 51%. Although somewhat below the bank's historical level, the ratio appears adequate in relation to the bank's financial capacity, size, and current local economic conditions.

**LENDING IN ASSESSMENT AREA**

A sample of 103 consumer loans was reviewed to determine the volume of lending within the bank's assessment areas. This sample consisted of 58 consumer unsecured loans and an additional 45 loan files for various other consumer products. Overall, a substantial majority of the loans, 85%, was originated within the two assessment areas. Additionally, 72% of the dollar volume of loans was within either assessment area.

Comparison of Credit Inside and Outside of the Assessment Areas

	In Richmond Assessment Area	In Hampton Assessment Area	Outside Assessment Areas	Total
Total Number of Loans	64	24	15	103
Percentage of Total Loans	62%	23%	15%	100%
Total Amount of Loans (000s)	\$317	\$128	\$175	\$620
Percentage of Total Amount	51%	21%	28%	100%

Richmond Assessment Area

**LENDING TO BORROWERS OF DIFFERENT INCOMES**

Of the 64 sample loan files from within the Richmond assessment area, 59 contained information about the applicant's income. The following chart depicts the bank's lending to applicants of different income levels. The sample suggests that the bank has been very successful in lending to borrowers of all income levels, including low- and moderate-income applicants. A similar analysis of lending for each consumer loan product comprising the sample did not reveal significant differences from these overall results.

Distribution of Loans by Income Level of Borrower

	Low Income	Moderate Income	Middle Income	Upper Income	Total
Total Number of Loans	17	20	13	9	59
Percentage of Total Loans	29%	34%	22%	15%	100%

<b>Total Amount of Loans (000s)</b>	\$77	\$72	\$44	\$86	\$278
<b>Percentage of Total Amount</b>	28%	26%	16%	31%	100%

**GEOGRAPHIC DISTRIBUTION OF LOANS**

The CRA evaluation included a review of lending in census tracts comprising the Richmond assessment area. The institution's delineated market is composed primarily of low- and moderate-income tracts, including almost all such tracts in the City of Richmond. This delineation suggests a strong commitment to serve this portion of the community. As previously noted, the substantial majority of loans sampled were in the assessment area. The following chart illustrates the geographic distribution of the bank's lending and evidences lending within all types of neighborhoods. Approximately 25% of the loans sampled during the examination were from low- and moderate-income census tracts. Additionally, over 28% of the dollar volume was in such tracts. This represents a significant level of lending in such neighborhoods and generally compares favorably to the 50% of the market population that reside in these areas. Further, 38% of the population lives in middle-income tracts. Loans in these tracts accounted for nearly 44% of the assessment area total. Again, no significant variations were noted for any consumer product type.

Distribution of Loans by Income Level of Census Tract

	<b>Low income</b>	<b>Moderate Income</b>	<b>Middle Income</b>	<b>Upper Income</b>	<b>Total</b>
<b>Total Number of Loans</b>	4	12	28	20	64
<b>Percentage of Total Loans</b>	6%	19%	44%	31%	100%
<b>Total Amount of Loans (000s)</b>	\$9	\$78	\$125	\$105	\$317
<b>Percentage of Total Amount</b>	3%	24%	40%	33%	100%

Hampton Assessment Area

**LENDING TO BORROWERS OF DIFFERENT INCOMES**

In the sample, 24 loans were from the Hampton assessment area. The following chart depicts the bank's lending to applicants of different income levels. Consistent with findings in the Richmond assessment area, a significant volume of credit has been extended to low- and moderate-income borrowers as is evidenced below. The results were the same regardless of consumer product type.

Distribution of Loans by Income Level of Borrower

	Low income	Moderate Income	Middle Income	Upper Income	Total
Total Number of Loans	8	6	5	5	24
Percentage of Total Loans	33%	25%	21%	21%	100%
Total Amount of Loans (000s)	\$40	\$18	\$42	\$27	\$128
Percentage of Total Amount	32%	14%	33%	21%	100%

**GEOGRAPHIC DISTRIBUTION OF LOANS**

An analysis of lending among census tracts within the Hampton assessment area shows that, in the sample, 21% of the number of loans and 30% of the amount of loans, were from low- and moderate-income census tracts. This compares favorably to the 29% of the market population that reside within these neighborhoods. The following chart illustrates the geographic distribution of the bank's lending throughout this market. Results were similar regardless of the type of consumer loan considered.

Distribution of Loans by Income Level of Census Tract

	Low Income	Moderate Income	Middle Income	Upper Income	Total
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<b>Total Number of Loans</b>	1	4	11	8	24
<b>Percentage of Total Loans</b>	4%	17%	46%	33%	100%
<b>Total Amount of Loans (000s)</b>	\$5	\$30	\$61	\$32	\$128
<b>Percentage of Total Amount</b>	4%	23%	48%	25%	100%

**INVESTMENTS AND SERVICES**

As mentioned previously, the bank has four branch locations that are either located within or serve low- and moderate-income census tracts. No branch locations have been opened or closed since the previous CRA evaluation. A full range of credit and deposit services is available at each office.

Bank management participates on the loan committee for the James River Certified Development Corporation which offers affordable financing to small businesses through the Small Business Administration. In addition, home ownership counseling is available through the institution to benefit potential home buyers within the community. Contributions are also routinely made to local housing and community organizations that benefit low- and moderate-income individuals and small businesses.

**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. Violations involving the technical aspects of the Home Mortgage Disclosure Act's Regulation C were noted. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending and credit activities.

**Regression Program Usage Report**

(This form should be filled out for each examination conducted involving a HMDA reporter.)

Institution Name: Consolidated Bank & Trust Company

City, ST: Richmond, Virginia

Exam Date: January 16, 1996

Number of HMDA LAR records: 24

Year(s) of data considered: 1994

	FHA, VA, & FmHA HOME Purchase		Conventional Home Purchase		Refinancings		Home Improvement	
	Year	Year	Year	Year	Year	Year	Year	Year
White Approvals	0		0		0		0	
White Denials	0		0		0		0	
Minority Approvals	0		2		3		0	
Minority Denials	0		1		4		8	

Was Step 1 of regression program run? NO

if "N", why not? INSUFFICIENT LOAN DATA

What grouping(s) of data (i.e, loan type, location, year(s), etc.) were used?

MIN Pr > Chi Square Value

- (1) \_\_\_\_\_
- (2) \_\_\_\_\_
- (3) \_\_\_\_\_
- (4) \_\_\_\_\_
- (5) \_\_\_\_\_
- (6) \_\_\_\_\_



**CONSUMER AFFAIRS EXAMINATION  
SUMMARY DATA**

Board of Governors  
of the Federal Reserve System

State Member Bank: Name Consolidated Bank & Trust Company

City Richmond

State Virginia

DSBB 055123600000 Asset Size \$94707 Date of Latest Call Report 95 09 30  
YY MM DD

Commencement Date 96 01 16 Ending Date 96 02 01  
YY MM DD

Transmittal Date 96 03 14 Date of Previous Examination 95 01 30  
YY MM DD

Examiner in Charge Garton Joan T. No  
Last First MI Foreign Banking Organization

Number of Examiners 6 Compliance Rating 2 CRA Rating 1 Components of CRA Rating \_\_\_\_\_

Supervisory Action:     MOU     Other Informal Administrative Action  
    Written Agreement     Cease and Desist     Civil Money Penalty

Conduct of Examination     Concurrent   X   Separate

Type of Examination   X   Regular     Limited Scope     Follow-up     Special

Bank Structure   X   Centralized     Decentralized     Regional Processing Center

Number of Facilities   5   Number of Facilities Examined   1  

Examiner Hours: Off-site   0   In Bank  157  Subtotal  157   
Rpt Writing  40  Public Eval   5  Admin  10  Total  212 

Hours Spent per Regulation: (In-Bank, Off-site, and combined)

	Reg. B	FHA	Reg. C	FCRA	Reg. H	Reg. M	Reg. Q	Reg. D	RESPA
Off-site	<u>  0  </u>	<u>  N/A  </u>	<u>  0  </u>	<u>  0  </u>	<u>  0  </u>				
In-Bank	<u> 29 </u>	<u>  3 </u>	<u> 15 </u>	<u>  2 </u>	<u>  2 </u>	<u>  N/A  </u>	<u>  3 </u>	<u>  3 </u>	<u>  2 </u>
Total	<u> 29 </u>	<u>  3 </u>	<u> 15 </u>	<u>  2 </u>	<u>  2 </u>	<u>  N/A  </u>	<u>  3 </u>	<u>  3 </u>	<u>  2 </u>

	Reg. Z	FDCPA	Reg. BB	Reg. AA	Reg. E	Right to Fin. Pr.	Reg. CC	Reg. DD	Rule 78
Off-site	<u>  0  </u>	<u>  N/A  </u>	<u>  0  </u>	<u>  0  </u>	<u>  0  </u>	<u>  0  </u>	<u>  0  </u>	<u>  0  </u>	<u>  0  </u>
In-Bank	<u> 35 </u>	<u>  N/A  </u>	<u> 41 </u>	<u>  2 </u>	<u>  3 </u>	<u>  1 </u>	<u>  6 </u>	<u>  9 </u>	<u>  1 </u>
Total	<u> 35 </u>	<u>  N/A  </u>	<u> 41 </u>	<u>  2 </u>	<u>  3 </u>	<u>  1 </u>	<u>  6 </u>	<u>  9 </u>	<u>  1 </u>

1. Alpha numeric fields                      E = statutory/regulation exemption                      N/A = no activity noted or reviewed

**Community Contacts by Organization Type**

I   1   II        III        IV        V        VI        Total 1

State Member Bank: Name Consolidated Bank & Trust Company  
City Richmond State Virginia

Loan Types	Total						
	Instal- ment Loans	Time and Demand Loans	Overdraft Checking Accounts	Other Open End Accounts	Real Estate Loans	Other Closed End Accounts	

**SAMPLE REQUIREMENTS**

Number of Loans in Universe	27	20	1	2	2	2	0
Number of Loans Sampled Statistically	27	20	1	2	2	2	0
Number of Loans Sampled Judgmentally	0	0	0	0	0	0	0
Number of Rejected Applications Sampled	20	17	0	0	0	1	2

**OVERCHARGE**

Number of Actual Overcharges	0	0	0	0	0	0	0
Dollar Amount of Actual Overcharges	0	0	0	0	0	0	0
Number of Potential Overcharges	0	0	0	0	0	0	0
Dollar Amount of Potential Overcharges	0	0	0	0	0	0	0

**INSTRUCTIONS FOR COMPLETION OF VIOLATIONS PAGE(S)**

- When completing violation entries:
1. Make sure all ones are written as 1 and all zeros are written as 0.
  2. Use only capital letters; write the letter "eye" as I.
  3. Use no punctuation such as commas, periods, or parentheses.
  4. Left justify all entries.
  5. Record all entries vertically.
  6. Be sure that the total for each page is entered at the bottom of the page. These totals are identified by the letters "TOT" in Reg. or Act box.

In the three examples shown below:

	Reg. or Act	No. of Section	Violations	Policy Guide
Example 1.	Z	7 A 2	3 0	
Example 2.	F D C P	8 0 5 A 1	2 9 7	
Example 3.	B	7 D 5	5	X

the following meaning will be translated by Data Processing:

1. Regulation Z	Section 7(a)(2)	30 violations	
2. Fair Debt Collection Practices Act	Section 805(a)(1)	297 violations	
3. Regulation B	Section 7(d)(5)	5 violations	Policy Guide Invoked

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State Member Bank: Name Consolidated Bank & Trust Company

City Richmond

State Virginia

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**Violations**

Reg. or Act.	Section	Number of Violations	Technical	Policy Guide	File Search
C	4 B 1	17			
Z	18 R	2	X		
CC	10 C 1 VII A	1	X		
D	2 D 2	1	X		

T O T

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