

PUBLIC DISCLOSURE

February 20, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Commonwealth Bank

05511987

P. O. Box 35036

Richmond, Virginia 23235

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 The Commonwealth Bank, Richmond, Virginia, prepared by The Federal Reserve Bank of Richmond, the institution's supervisory agency, as of February 20, 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 The Commonwealth Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>The Commonwealth 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

The Commonwealth Bank operates one branch located in Chesterfield County, Virginia. As of December 31, 1995, the institution had total assets of \$14.7 million of which 71% were loans. Commercial lending is the bank's primary lending focus. More than 80% of the portfolio is composed of these loans, although consumer credit including motor vehicle loans, home improvement loans, revolving lines of credit, and other consumer purpose loans is available.

DESCRIPTION OF ASSESSMENT AREA

The assessment area has been designated as all of Chesterfield County, Virginia. The county is located in the east-central portion of the Commonwealth and is part of the Richmond-Petersburg Metropolitan Statistical Area (MSA). The local economy is diverse and depends on industry, State and Federal Government, and wholesale/retail services for employment opportunities. Some of the leading industries in the county include synthetic fiber production, tobacco processing, and metal fabrication. Banking and insurance are also prominent local employers. The current unemployment rate for Chesterfield County is 2.8%. The population of the county according to the 1990 census data is 209,274 with a minority population of approximately 15%. Economic prospects for the county are considered favorable due to the large employment base. Information from a community contact performed during the examination was used to assist in evaluating the institution's CRA performance in this assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LOAN-TO-DEPOSIT RATIO

The bank's average loan-to-deposit ratio of 75% for the previous six quarters is considered reasonable given the institution's size, financial condition, and location.

LENDING IN ASSESSMENT AREA

A review of 70 loans was conducted to determine the volume of lending within the assessment area. This sample consisted of 50 business loans and 20 consumer loans secured by motor vehicles. 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 Loans Inside and Outside of the Assessment Area

	Inside Assessment Area	Outside Assessment Area	Total
Total Number of Loans	48	22	70
Percentage of Total Loans	69%	31%	100%
Total Amount of Loans (000s)	\$2,060	\$633	\$2,693
Percentage of Total Amount	75%	25%	100%

LENDING TO BORROWERS OF DIFFERENT INCOMES AND BUSINESSES OF DIFFERENT SIZES

The following chart illustrates the distribution of commercial loans extended in the assessment area by the size of the business. The review of commercial lending activity revealed that the majority of such lending was to businesses with revenues under one million dollars and demonstrates the bank's responsiveness to the needs of small businesses.

Distribution of Loans by Size of Business

	Revenues ≤ \$1 million	Revenues > \$1 million	Total
Total Number of Loans	31	2	33
Percentage of Total Loans	94%	6%	100%

A review of 14 consumer loans secured by motor vehicles extended within the assessment area was also conducted and revealed that one such loan (7%) was made to a moderate-income individual. While this is below the proportion of low- and moderate-income families in the assessment area (21%), the bank extends very few consumer loans. Therefore, the sample of such lending did not lend itself to a meaningful analysis.

GEOGRAPHIC DISTRIBUTION OF LOANS

The review of loan files also included an analysis of lending among census tracts within the assessment area. The following chart depicts the geographic distribution of the bank's lending throughout its market. None of the loans in the sample were within low- and moderate-income (L/M) census tracts; however, only four of the 52 tracts within the assessment area are considered L/M. Furthermore, only 2% of the population of the assessment area resides in L/M tracts.

Distribution of Loans in Assessment Area by Income Level of Census Tract

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	0	0	1	47	48
Percentage of Total Loans	0%	0%	2%	98%	100%
Total Amount of Loans (000)	\$0	\$0	\$50	\$2,010	\$2,060
Percentage of Total Amount	0%	0%	2%	98%	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. Violations of the technical aspects of the Home Mortgage Disclosure Act's Regulation C and the Equal Credit Opportunity Act's Regulation B were noted. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending and credit services.