

**PUBLIC DISCLOSURE**

November 4, 1996

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Citizens Bank and Trust Company

05510280

P.O. Box 386

Blackstone, Virginia 23824

**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 CRA performance of Citizens Bank and Trust Company, Blackstone, Virginia, prepared by The Federal Reserve Bank of Richmond, the institution's supervisory agency, as of November 4, 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's loan-to-deposit ratio appears reasonable given its financial capacity, the demand for credit in the area, and the lending performance of area banks of similar asset size. A substantial majority of loans sampled during the examination were extended to borrowers residing within the assessment area, and the portion of credit extensions provided to low- and moderate-income borrowers significantly exceeds the proportion of such families residing in the market area. The penetration of loans throughout census tracts of various income levels appears reasonable given the geographic location of the institution.

The following table indicates the performance level of Citizens Bank and Trust Company with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Citizens 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	No complaints were received since the prior examination.		

**DESCRIPTION OF INSTITUTION**

Citizens Bank and Trust Company is headquartered in Blackstone, Virginia, and has eight offices that serve the surrounding Counties of Amelia, Cumberland, Nottoway, and Prince Edward, Virginia. As of June 30, 1996, the bank had assets of approximately \$191 million, of which 66% were loans. Various deposit and loan products are available through the institution, including loans for residential mortgage, commercial, consumer, and agricultural purposes. The loan portfolio as of June 30, 1996, was comprised of the following: 72% real estate secured (commercial and consumer), 14% consumer, and 14% commercial. Based on lending volume during the previous six months, consumer loans were identified as the principal credit product offered by the bank.

Citizens Bank and Trust Company received a satisfactory CRA rating during its previous evaluation.

**DESCRIPTION OF ASSESSMENT AREA**

The bank's assessment area encompasses all of Amelia, Cumberland, Nottoway, and Prince Edward Counties. This area contains ten block numbering areas (BNAs), of which one is moderate-income and the remaining nine are middle-income. There are no low- or upper-income BNAs in the bank's local community. The assessment area is predominately rural and has a population of 48,925, according to the 1990 census. Economic conditions for the market area vary somewhat among the counties, but the jobless rate is relatively low in each. As of August 1996, the unemployment rates for the Amelia, Cumberland, Nottoway, and Prince Edwards Counties were 3.6%, 2.3%, 4.2%, and 4.9%, respectively. These rates compare favorably to the Commonwealth's jobless rate of 4.2%. The local economy is dependent on agriculture and various manufacturing companies that produce velvet, furniture, plastics, lumber, and clothing. Furthermore, Fort Pickett, a nearby U.S. Army installation, provides both employment and business opportunities for local residents.

The following table provides demographic information about the bank's assessment area regarding the income level of families and the percentage of population living in BNAs of varying income levels.

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
<b>Percentage of Area Families by Income Level</b>	22%	19%	22%	37%	100%
<b>Percentage of Population Residing in BNAs by Income Level</b>	No such BNAs	10%	90%	No such BNAs	100%

A community contact was also made with a representative from a local trade association to further assist in evaluating the bank's CRA performance. The contact indicated that local financial institutions are adequately meeting the credit needs of the community.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**LOAN-TO-DEPOSIT RATIO**

The average loan-to-deposit for the previous four quarters is 72% and is considered reasonable given the institution's financial capacity, size, and current economic conditions. The average loan-to-deposit ratio for banks headquartered in nonmetropolitan areas of Virginia and of similar asset size to Citizens Bank and Trust Company is 71%. The bank's level of lending appears responsive to the area's loan demand.

**LENDING IN ASSESSMENT AREA**

To determine the institution's volume of lending within the assessment area, a sample of loans extended during the previous six months was reviewed. The sample consisted of 116 loans for consumer purposes (49 automobile loans and 67 unsecured loans). As illustrated in the chart below, a substantial majority of the number and dollar amounts of the sampled loans were provided to residents of the assessment area.

Comparison of Credit Extended Inside and Outside of Assessment Area

	<b>Inside Assessment Area</b>	<b>Outside Assessment Area</b>	<b>Total</b>
<b>Total Number of Loans</b>	97	19	116
<b>Percentage of Total Loans</b>	84%	16%	100%
<b>Total Amount of Loans (000's)</b>	\$482	\$91	\$573
<b>Percentage of Total Amount</b>	84%	16%	100%

**LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES**

The following charts illustrate the distribution of the sampled motor vehicle (41) and consumer unsecured (56) loans extended within the assessment area by the income level of the borrower.

Distribution of Loans by Income Level of Borrower

Motor Vehicle Loans

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	10	16	11	4	41
Percentage of Total Loans	24%	39%	27%	10%	100%
Total Amount of Loans (000's)	\$47	\$123	\$103	\$63	\$336
Percentage of Total Amount	14%	37%	30%	19%	100%

Unsecured Consumer Loans

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	30	17	6	3	56
Percentage of Total Loans	54%	30%	11%	5%	100%
Total Amount of Loans (000's)	\$63	\$49	\$21	\$13	\$146
Percentage of Total Amount	43%	34%	14%	9%	100%

As evidenced above, a majority of the number of motor vehicle loans (63%) and unsecured loans (84%) extended were provided to low- and moderate-income borrowers, which substantially exceeds the proportion of such families (41%) in the community. Moreover, the majority of the dollar amount of credit extended (51% for motor vehicle and 77% for consumer unsecured) was provided to low- and moderate-income borrowers.

**GEOGRAPHIC DISTRIBUTION OF LOANS**

The review of loan files also included an analysis of lending among moderate- and middle-income BNAs within the institution's assessment area. As previously mentioned, there are no low- or upper-income geographies in the community. The following charts illustrate the distribution of the sampled motor vehicle and consumer unsecured loans according to income level of the BNA.

Distribution of Loans in Assessment Area by Income Level of BNA

Motor Vehicle Loans

	<b>Moderate- Income</b>	<b>Middle- Income</b>	<b>Total</b>
<b>Total Number of Loans</b>	0	41	41
<b>Percentage of Total Loans</b>	0%	100%	100%
<b>Total Amount of Loans (000's)</b>	\$0	\$336	\$336
<b>Percentage of Total Amount</b>	0%	100%	100%

Consumer Unsecured Loans

	<b>Moderate- Income</b>	<b>Middle- Income</b>	<b>Total</b>
<b>Total Number of Loans</b>	0	56	56
<b>Percentage of Total Loans</b>	0%	100%	100%
<b>Total Amount of Loans (000's)</b>	\$0	\$146	\$146
<b>Percentage of Total Amount</b>	0%	100%	100%

Although none of the sampled loans were extended within moderate-income BNAs, only one of the ten BNAs in the assessment area are considered moderate-income. Furthermore, only 10% of the market population reside in this moderate-income geography. The bank provided documentation demonstrating that new loans have been recently extended within this BNA. In October 1996, the bank opened a new branch in the moderate-income geography which is expected to stimulate additional loan growth in this area.

**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 requirements of the Equal Credit Opportunity Act's Regulation B were identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.