

PUBLIC DISCLOSURE

May 19, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Consolidated Bank & Trust Company

05512360

P.O. Box 10046

Richmond, Virginia 23240

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.

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 Consolidated Bank and Trust Company, Richmond, Virginia, prepared by The Federal Reserve Bank of Richmond, the institution's supervisory agency, as of May 19, 1997. 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 in relation to demand for credit in the assessment area. A majority of loans sampled during the examination were extended to borrowers and businesses within the assessment area. The institution's high level of lending to low- and moderate-income borrowers and businesses of different sizes demonstrates an outstanding performance. Furthermore, the geographic distribution of loans within the assessment area exceeds standards for satisfactory performance given area demographics.

The following table indicates the performance level of Consolidated Bank and Trust Company 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	No complaints have been received since the prior examination.		

DESCRIPTION OF INSTITUTION

Consolidated Bank and Trust Company has four offices located in the metropolitan Richmond area and one branch office in the City of Hampton, Virginia. As of March 31, 1997, the bank had assets of approximately \$95 million, of which 48% were loans. Various loan products are available through the institution, including credit for small business development, residential mortgage, and consumer purposes. The loan portfolio as of March 31, 1997, included the following: 60% real estate secured (consumer and business), 31% commercial, and 8% consumer. From September 1997 to March 1997, the dollar amount of outstanding loans has been almost unchanged. Based on the number of originations during the previous year, business credit and loans reportable under the Home Mortgage Disclosure Act (HMDA) were identified as the principal credit products offered. The institutions previous CRA rating was outstanding.

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 to 416.00	2008.02 to 2009.04	1001.96 to 1001.97
601.00 to 609.98	2010.02 to 2011.02	1002.06 to 1003.00
706.00 to 708.00	2015.01	1004.04 to 1004.07
709.98 to 711.00		1008.16
		1009.07 to 1009.10
		1009.18

The entire assessment area is within the Richmond-Petersburg Metropolitan Statistical Area (MSA). Of the communitys 89 populated census tracts, 18 are low-income, 34 are moderate-income, 28 are middle-income and nine are upper-income. According to 1990 census data, this assessment area has a population of 292,110. The MSA has a median-family income for 1996 of \$49,300. The following table provides assessment area demographics by the income level of families and the percentage of local residents living in census tracts of varying incomes.

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Percentage of Area Families by Income Level	30%	20%	23%	27%	100%
Percentage of Population Residing In Census Tracts by Income Level	15%	37%	35%	13%	100%

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. The current unemployment rates for Chesterfield County, Henrico County, and the City of Richmond are 2.6%, 2.6%, and 4.5%, respectively. The jobless rate for the Commonwealth is 4%.

A community contact was performed during the examination to further assist in evaluating the bank's CRA performance. According to the contact, assistance in purchasing affordable housing would further promote growth in the 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 to 101.02	303.98
103.02 to 108.00	305.00 to 309.00
110.00	312.00 to 313.00
115.00 to 120.00	

The Hampton assessment area is part of the Norfolk-Virginia Beach-Newport News MSA. This area includes 25 census tracts of which two are low-income, ten are moderate-income, ten are middle-income, and three are upper-income. According to 1990 census data, the assessment area has a population of 144,117. The 1996 median family income for this MSA is \$42,100. The following table provides assessment area demographics by the income level of families and the percentage of local residents living in census tracts of varying incomes.

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Percentage of Area Families by Income Level	22%	19%	25%	34%	100%
Percentage of Population Residing In Census Tracts by Income Level	5%	28%	57%	10%	100%

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 current unemployment rates for the Cities of Hampton and Newport News are both 4.8%.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LOAN-TO-DEPOSIT RATIO

The average loan-to-deposit ratio for the previous five quarters is 50% and is considered adequate given the institution's size, location, financial capacity, and current local economic conditions. The average range of loan-to-deposit ratios for banks headquartered in metropolitan areas of Virginia of similar asset size to Consolidated Bank and Trust Company is 69% to 72%.

LENDING IN ASSESSMENT AREA

All 54 loans HMDA reportable loans and the 23 business loans (excluding renewals) extended during the previous year were reviewed to determine the institutions volume of lending within the assessment area. As illustrated by the chart below, a majority of the number and dollar amounts of the loans were provided to residents or businesses within the assessment area.

Comparison of Credit Extended Inside and Outside of Assessment Area

	Inside Assessment Area	Outside Assessment Area	Total
Total Number of Loans	58	19	77
Percentage of Total Loans	75%	25%	100%
Total Amount of Loans	\$1,592	\$1,029	\$2,621
Percentage of Total Amount	61%	39%	100%

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

Distribution of Loans by Income Level of Borrower

Real Estate Secured Loans - All Assessment Areas

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	22	13	5	2	42
Percentage of Total Loans	52%	31%	12%	5%	100%
Total Amount of Loans	\$162	\$113	\$22	\$444	\$741
Percentage of Total Loans	22%	15%	3%	60%	100%

As evidenced above, the review of loans suggests that the bank has been successful in lending to low- and moderate-income individuals. The portion of HMDA loans extended to these applicants (83%) substantially exceeds the 50% of families within the Richmond assessment area and 41% of families within the Hampton assessment area considered low- and moderate-income. Since the demographics of the two assessment areas are similar, loans were combined for the purpose of this evaluation.

Distribution of Loans by Size of Business - All Assessment Areas

	Revenues \leq \$1 Million	Revenues $>$ \$1 Million	Total
Total Number of Loans	16	0	16
Percentage of Total Loans	100%	0	100%
Total Amount of Loans	\$851	0	\$851
Percentage of Total Amount	100%	0	100%

As illustrated above, every credit extension within the assessment area was provided to a business with gross annual revenues of \$1 million or less. The proportion of lending to such businesses demonstrates the bank's willingness to meet small business credit needs within its local community.

GEOGRAPHIC DISTRIBUTION OF LOANS

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

The following chart illustrates the geographic distribution of the bank's lending and evidences lending within all geographies. Approximately 80% of all loans reviewed during the examination were from low- and moderate-income census tracts. Additionally, 55% of the dollar volume was in such tracts. This represents a significant level of lending in such areas and generally compares favorably to the 52% of the market population residing in the Richmond assessment area and the 33% residing in the Hampton assessment area.

	Low-Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	5	41	11	1	58
Percentage of Total Loans	9%	71%	19%	1%	100%
Total Amount of Loans	\$53	\$833	\$703	\$4	\$1,593
Percentage of Total Loans	3%	52%	44%	1%	100%

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

The bank is in compliance with the substantive provisions of the fair housing and lending laws and regulations. Violations were identified involving the technical aspects of the Home Mortgage Disclosure Act's Regulation C and Equal Credit Opportunity Act's Regulation B. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.