

**PUBLIC DISCLOSURE**

March 10, 1997

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

County Bank of Chesterfield

05510543

10400 Hull Street Road

Midlothian, Virginia

**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 institutions 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 institutions record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of County Bank of Chesterfield, Midlothian, Virginia, prepared by The Federal Reserve Bank of Richmond, the institutions supervisory agency, as of March 10, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 228.

**INSTITUTIONS 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 institutions lending within the assessment area to borrowers of different incomes and businesses of different sizes exceeds the standards for satisfactory performance. Furthermore, the geographic distribution of these loans appears reasonable given area demographics.

The following table indicates the performance level of County Bank of Chesterfield with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>County Bank of Chesterfield</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**

County Bank of Chesterfield operates three offices in Chesterfield County, Virginia. As of December 31, 1996, the bank had assets of approximately \$79 million, of which 60% 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 December 31, 1996, included the following: 69% commercial, 20% real estate secured (consumer and business), and 11% consumer. Based on the number of loans originated during the previous year, business and secured consumer loans were identified as the principal credit products offered. The institutions previous CRA rating was satisfactory.

**DESCRIPTION OF ASSESSMENT AREA**

The bank's assessment area encompasses the central portion of Chesterfield County, Virginia, and consists of 31 census tracts. Of these census tracts, one is low-income, 18 are middle-income, and 12 are upper-income. There are no moderate-income census tracts within the assessment area. The county is located in the east-central portion of the Commonwealth and is part of the Richmond-Petersburg Metropolitan Statistical Area (MSA). 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.

	<b>Low- Income</b>	<b>Moderate- Income</b>	<b>Middle- Income</b>	<b>Upper- Income</b>	<b>Total</b>
<b>Percentage of Area Families by Income Level</b>	9%	15%	27%	49%	100%
<b>Percentage of Population Residing in Census Tracts by Income Level</b>	1%	None	54%	45%	100%

The economy of the local community is well diversified with a mixture of manufacturing, service, and Government employment opportunities. According to 1990 census data, the assessment area has a population of 134,447 and a high median family income of approximately \$55,830. Some of the areas major employers include Phillip Morris, Reynolds Metals Company, Ukrops Supermarkets, AlliedSignal, Inc., and Defense General Supply Center. Retail and wholesale trade also account for a substantial portion of the areas economic activity. The current unemployment rates for Chesterfield County, the Richmond-Petersburg MSA, and the Commonwealth are 3.1%, 3.8%, and 4.5%, respectively. The 1996 median family income for the Richmond-Petersburg MSA is \$49,300.

A community contact was also recently performed with a local economic development organization to further assist in evaluating the bank's CRA performance. According to the contact, additional small business financing and commercial relocation loans would further promote development in the county.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**LOAN-TO-DEPOSIT RATIO**

The average loan-to-deposit ratio for the previous six quarters is 65% and is considered reasonable given the institutions size, location, financial capacity, and current local economic conditions. County Bank of Chesterfield's level of lending is considered responsive to area loan demand. The average loan-to-deposit ratio for banks headquartered in metropolitan areas of Virginia of similar asset size to County Bank of Chesterfield is 70%.

**LENDING IN ASSESSMENT AREA**

A sample of 60 secured consumer loans and 55 business loans extended within the previous six months was 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 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>	70	45	115
<b>Percentage of Total Loans</b>	61%	39%	100%
<b>Total Amount of Loans (000's)</b>	\$1,916	\$1,800	\$3,716
<b>Percentage of Total Amount</b>	52%	48%	100%

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

The following charts illustrate the distribution of the sampled secured consumer and business loans extended to borrowers of different income levels and to businesses of different sizes.

Distribution of Loans by Income Level of Borrower

Secured Consumer Loans

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
<b>Total Number of Loans</b>	13	11	8	8	40
<b>Percentage of Total Loans</b>	32%	28%	20%	20%	100%
<b>Total Amount of Loans (000's)</b>	\$80	\$133	\$87	\$128	\$428
<b>Percentage of Total Loans</b>	19%	31%	20%	30%	100%

As evidenced above, the review of sampled loans suggests that the bank has been successful in lending to borrowers of all income levels. The portion of secured consumer loans extended to low- and moderate-income applicants (60%) substantially exceeds the 24% of families within the assessment area considered low- and moderate-income. Middle- and upper-income families comprise 27% and 49% of the local community, respectively.

Distribution of Loans by Size of Business

	Revenues $\leq$ \$1 Million	Revenues $>$ \$1 Million	Total
<b>Total Number of Loans</b>	25	5	30
<b>Percentage of Total Loans</b>	83%	17%	100%
<b>Total Amount of Loans (000's)</b>	\$1,332	\$155	\$1,487
<b>Percentage of Total Amount</b>	90%	10%	100%

The high percentage of the number and dollar amounts of loans extended to businesses with gross revenues of \$1 million or less demonstrates a willingness to meet the community's small business credit needs.

**GEOGRAPHIC DISTRIBUTION OF LOANS**

The review of loan files also included an analysis of lending among low-, middle-, and upper-income census tracts within the institutions assessment area. As mentioned previously, there are no moderate-income geographies located in the bank's market. The following charts show the distribution of the secured consumer and business loans extended in the assessment area according to income level of census tract.

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

Secured Consumer Loans

	Low- Income	Middle- Income	Upper- Income	Total
<b>Total Number of Loans</b>	0	17	23	40
<b>Percentage of Total Loans</b>	0%	42%	58%	100%
<b>Total Amount of Loans (000's)</b>	\$0	\$157	\$271	\$428
<b>Percentage of Total Loans</b>	0%	37%	63%	100%

Small Business Lending

	Low- Income	Middle- Income	Upper- Income	Total
<b>Total Number of Loans</b>	0	18	12	30
<b>Percentage of Total Loans</b>	0%	60%	40%	100%
<b>Total Amount of Loans (000's)</b>	\$0	\$820	\$667	\$1,487
<b>Percentage of Total Loans</b>	0%	55%	45%	100%

The geographic distribution of lending for both loan types is considered reasonable given the local population residing in geographies of various income levels. Although none of the sampled loans were extended within low-income census tracts, only one of the 31 census tracts in the assessment area is considered low-income. Furthermore, only 1% of the market population resides in this low-income geography.

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