

PUBLIC DISCLOSURE

February 24, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Benchmark Community Bank

05511462

100 South Broad Street

Kenbridge, 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 Benchmark Community Bank, Kenbridge, Virginia, prepared by The Federal Reserve Bank of Richmond, the institutions supervisory agency, as of February 24, 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 for the previous six quarters is considered more than reasonable given the institutions financial capacity and demand for credit in the community. A majority of loans sampled during the examination were extended to borrowers residing within the assessment area. Additionally, the bank's lending to low- and moderate-income borrowers, as well as throughout geographies of various income levels, appears responsive to community credit needs.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Benchmark Community 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 have been received since the prior examination.		

DESCRIPTION OF INSTITUTION

Benchmark Community Bank operates its main office in the Town of Kenbridge, Virginia, and has five branches located in Prince Edward (2), Nottoway (1), Lunenburg (1), and Mecklenburg (1) Counties, Virginia. As of December 31, 1996, the bank had assets of approximately \$151 million, of which 79% were loans. A variety of credit and deposit products is offered including loans for residential mortgage, commercial, consumer, and agricultural purposes. The loan portfolio as of December 31, 1996, was comprised of the following: 64% real estate secured, 14% consumer, and 22% commercial. Based on the number of loans extended during the previous 12 months, various types of residential real estate loans (consumer purpose) and loans secured by motor vehicles were identified as the principal credit products offered by the bank. The institutions previous CRA rating was satisfactory.

DESCRIPTION OF ASSESSMENT AREA

The banks assessment area encompasses all of Prince Edward, Nottoway, and Lunenburg Counties. The eastern portion of Mecklenburg County, Virginia, (block numbering areas 9901, 9902, and 9903) is also included. The assessment area contains 12 geographies of which two are moderate-income and ten are middle-income. There are no low- or upper-income block numbering areas (BNAs) within the market. The following table provides assessment area demographics by the income level of families and the percentage of population residing in the geographies of varying income levels.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	24%	20%	22%	34%	100%
Percentage of Population Residing in BNAs by Income Level	None	13%	87%	None	100%

The assessment area is predominately rural and has a population of 56,354, according to the 1990 census data. The local economy is dependent on agriculture (poultry and tobacco) and various manufacturing companies that produce furniture, plastics, wood furnishings, shoes, clothing, and automotive products. The Towns of South Hill and Farmville serve as the commercial and retail centers while the many historical sites contribute to the local tourism industry. As of December 1996, the unemployment rates for Prince Edward, Nottoway, Lunenburg, and Mecklenburg Counties were 4.6%, 6.5%, 14.1%, and 8%, respectively. These rates are relatively high compared to the Commonwealths jobless rate of 3.9%. The 1996 median family income for nonmetropolitan areas within the Commonwealth of Virginia is \$33,600.

A community contact was also performed with a local public official to further assist in evaluating the banks CRA performance. According to the contact, attracting new industries, improving the educational system, and increasing the number of affordable housing options are local concerns.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LOAN-TO-DEPOSIT RATIO

The average loan-to-deposit ratio for the previous six quarters is 85% and exceeds expectations for satisfactory performance. Since September 30, 1995, total loans have grown 20% and deposits have increased by 12%. The average loan-to-deposit ratio for banks headquartered in nonmetropolitan areas of Virginia and of similar asset size to Benchmark Community Bank is 72%.

LENDING IN ASSESSMENT AREA

To determine the institutions volume of lending within the assessment area, a sample of loans extended during the previous six months was reviewed. The sample consisted of 100 loans for consumer purposes (37 secured instalment and 63 residential real estate loans). As illustrated in 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

	Inside Assessment Area	Outside Assessment Area	Total
Total Number of Loans	79	21	100
Percentage of Total Loans	79%	21%	100%
Total Amount of Loans (000's)	\$1,973	\$855	\$2,828
Percentage of Total Amount	70%	30%	100%

LENDING TO BORROWERS OF DIFFERENT INCOMES

The following charts illustrate the distribution of secured instalment and residential real estate loans originated within the assessment area by income level of the borrower.

Distribution of Loans by Income Level of Borrower

Secured Instalment Loans

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	8	9	6	7	30
Percentage of Total Loans	27%	30%	20%	23%	100%
Total Amount of Loans (000's)	\$30	\$47	\$67	\$68	\$212
Percentage of Total Loans	14%	22%	32%	32%	100%

Distribution of Loans by Income Level of Borrower

Residential Real Estate Loans

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	5	12	18	14	49
Percentage of Total Loans	10%	24%	37%	29%	100%
Total Amount of Loans (000's)	\$125	\$343	\$606	\$686	\$1,761
Percentage of Total Loans	7%	20%	34%	39%	100%

The bank has been successful in lending to borrowers of all income levels. The proportion of secured instalment loans (57%) and residential real estate loans (34%) extended to low- and moderate-income applicants compares favorably to the representation of such families within the assessment area (44%). Middle- and upper-income families comprise 22% and 34% of the local community, respectively.

GEOGRAPHIC DISTRIBUTION OF LOANS

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

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

Secured Instalment Loans

	Moderate- Income	Middle-Income	Total
Total Number of Loans	2	28	30
Percentage of Total Loans	7%	93%	100%
Total Amount of Loans (000's)	\$15	\$197	\$212
Percentage of Total Amount	7%	93%	100%

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

Residential Real Estate Loans

	Moderate- Income	Middle-Income	Total
Total Number of Loans	7	42	49
Percentage of Total Loans	14%	86%	100%
Total Amount of Loans (000's)	\$188	\$1,573	\$1,761
Percentage of Total Amount	11%	89%	100%

The geographic distribution of loans for both credit types reveals that the bank has maintained adequate penetration within the respective census tracts as compared to market demographics. Thirteen percent and 87% of the market population resides in moderate- and middle-income geographies, respectively.

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. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.