

PUBLIC DISCLOSURE
October 5, 1998
COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Colonial Bank
177078
5100 Oaklawn Blvd.
Hopewell, Virginia 23860

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.

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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 First Colonial Bank, Hopewell, Virginia, prepared by the Federal Reserve Bank of Richmond, the institution's supervisory agency, as of October 5, 1998. 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 is considered more than reasonable given its financial capacity, location, and demand for credit in the area. A substantial majority of loans sampled during the examination were provided to residents of the assessment area. The institution's level of lending to low- and moderate-income borrowers is considered reasonable. Furthermore, the geographic distribution of the loans reviewed is considered responsive to the credit needs of the assessment area. No complaints involving CRA have been received since the previous examination.

DESCRIPTION OF INSTITUTION

First Colonial Bank is a subsidiary of James River Bankshares and is headquartered in Hopewell, Virginia. The bank also operates offices in Chester, Petersburg, Dinwiddie and Colonial Heights, Virginia. First Colonial Bank converted from a thrift savings bank to a state member bank on June 1, 1998. As of June 30, 1998, the bank had assets of approximately \$159 million, of which 76% were loans. The institution offers a variety of credit and deposit products including loans for consumer, residential mortgage, and small business purposes. The loan portfolio as of June 30, 1998, was comprised of the following: 91% secured by real estate (consumer and business), 5% consumer, and 4% commercial. During 1997, the bank was an active mortgage lender reporting 159 originations totaling \$14 million on its Home Mortgage Disclosure Act Loan Application Register (LAR). Based on the number of loans extended during the previous 12 months, real estate secured loans and motor vehicle loans were identified as the primary credit products offered. The Office of Thrift Supervision previously rated the bank satisfactory for its CRA performance.

DESCRIPTION OF ASSESSMENT AREA

The institution's assessment area includes the Cities of Colonial Heights, Hopewell, and Petersburg, and the Counties of Prince George and Dinwiddie, Virginia. The area also includes the following geographies within Chesterfield County:

1002.06 through 1002.08	1005.91	1008.11 through 1008.12	1009.18
1002.94 through 1002.95	1006.00	1008.14 through 1008.17	1009.19
1003.00	1007.01 through 1007.03	1008.93	
1004.03 through 1004.08	1008.04 through 1008.07	1009.09 through 1009.10	
1005.02 through 1005.06	1008.09	1009.12 through 1009.13	

The market contains 78 census tracts of which 10 are low-income, 13 are moderate-income, 44 are middle-income, and 11 are upper-income. Four of the low-income census tracts are unpopulated. This assessment area is part of the Richmond-Petersburg Metropolitan Statistical Area (MSA). According to the 1990 census data, the assessment area has a population of 278,492 and a median housing value of \$71,735. The owner-occupancy rate for the market is 67%, which exceeds that for the MSA (61%) and the Commonwealth (61%). The 1997 median family income for the MSA is \$50,500. The following table provides demographic information for the assessment area by the income level of the families and the percentage of population living census tracts of varying incomes. The percentage of owner-occupied housing units within each type of tract is also provided.

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total

Percentage of Area Families by Income Level	18%	19%	26%	37%	100%
Percentage of Population Residing in Census Tracts by Income Level	6%	16%	60%	18%	100%
Owner-Occupied Housing Units in Census Tracts by Income Level	3%	11%	65%	21%	100%

Local employment opportunities are provided by several industries including chemicals, fibers, and paper manufacturing. Also, many area residents commute to nearby Richmond, Virginia, for jobs. As of August 1998, the unemployment rates for the counties and cities within the assessment area ranged from 2.3% to 4.6%. The jobless rate for the Commonwealth of Virginia was 3.1%.

A community contact was made during the examination to further assist in evaluating the bank's CRA performance. The contact indicated that a more varied mix of housing, including that targeted to middle- to upper-income families, would lend stability in the assessment area, particularly the city of Hopewell.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN-TO-DEPOSIT RATIO

During an eight-quarter period ending June 30, 1998, the quarterly average loan-to-deposit ratio for all banks headquartered in metropolitan areas of Virginia and of similar asset size to First Colonial Bank ranged from 72% - 75%. The bank's average loan-to-deposit ratio for the previous eight quarters is 84% and is considered more than reasonable.

LENDING IN ASSESSMENT AREA

To determine the institution's volume of lending within the assessment area, a sample of 103 of 207 motor vehicle loans and 99 of 194 loans secured by real estate extended during the previous 12 months was reviewed. The lending distribution of the loans is represented in the following table.

Comparison of Credit Extended Inside and Outside of Assessment Area

	Inside Assessment Area	Outside Assessment Area	Total
Total Number of Loans	176	26	202
Percentage of Total Loans	87%	13%	100%
Total Amount of Loans (000's)	\$7,684	\$1,825	\$9,509

	Inside Assessment Area	Outside Assessment Area	Total
Percentage of Total Amount	81%	19%	100%

As illustrated in the table above, a substantial majority of the number and dollar amounts of sampled loans have been provided to assessment area residents.

LENDING TO BORROWERS OF DIFFERENT INCOMES

The following charts illustrate the distribution of the 95 motor vehicle loans and the 81 real estate secured loans extended within the assessment area by borrower income level.

Distribution of Loans by Income Level of Borrower

Motor Vehicle Loans

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	46	24	18	7	95
Percentage of Total Loans	49%	25%	19%	7%	100%
Total Amount of Loans (000's)	\$309	\$163	\$184	\$82	\$738
Percentage of Total Amount	42%	22%	25%	11%	100%

Real Estate Secured Loans

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	12	16	21	32	81
Percentage of Total Loans	15%	20%	26%	39%	100%
Total Amount of Loans (000's)	\$629	\$1,198	\$1,853	\$3,266	\$6,946
Percentage of Total Amount	9%	17%	27%	47%	100%

The percentage of the consumer loans extended to low- and moderate-income borrowers (74%) substantially exceeds the proportion of low-income (18%) and moderate-income (19%) families in the assessment area. Furthermore, 64% of the dollar amounts of the loans were extended to these borrowers. The volume of real estate secured loans extended to these borrowers (35%), is only slightly lower the proportion of low-income (18%) and moderate-income (19%) families in the assessment area. Overall, the distribution of motor vehicle and real estate secured loans to borrowers of different

incomes is considered good and indicates responsiveness to local credit needs.

GEOGRAPHIC DISTRIBUTION OF LOANS

The review of loan files included an analysis of lending among various geographies within the assessment area. The following charts illustrate the distribution of the sampled loans by income level of geography.

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

Motor Vehicle Loans

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	2	16	68	9	95
Percentage of Total Loans	2%	17%	72%	9%	100%
Total Amount of Loans (000's)	\$6	\$103	\$538	\$91	\$738
Percentage of Total Amount	1%	14%	73%	12%	100%

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

Real Estate Secured Loans

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	0	11	55	15	81
Percentage of Total Loans	0%	13%	68%	19%	100%
Total Amount of Loans (000's)	\$0	\$607	\$4,822	\$1,517	\$6,946
Percentage of Total Amount	0%	9%	69%	22%	100%

The volume of motor vehicle loans extended in low- and moderate-income census tracts (19%) closely corresponds to the proportion of the population residing in low- (6%) and moderate-income (16%) areas. The percentage of lending in low-income tracts is, however, somewhat below the population within such tracts, which is used as a proxy for demand.

Although none of the sampled real estate secured loans were made in low-income geographies, these tracts contain only 3% of the owner-occupied housing units within the assessment area. The level of real estate secured lending in moderate-income areas (13%) is slightly higher than the percentage of owner-occupied units (11%) within these geographies. High familial poverty rates within the low-income census tracts may contribute to the absence of lending in

these tracts. Six percent of assessment area families live below the poverty level; of these families, approximately 25% reside in low-income geographies and account for 32% of the population with these geographies compared to 12% of the population in moderate-income tracts. Considering these factors, the geographic distribution of the sampled loans is considered reasonable.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

No credit practices inconsistent with 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 and credit activities.