

PUBLIC DISCLOSURE

November 8, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

County Bank of Chesterfield

629223

10400 Hull Street Road

Midlothian, Virginia 23112

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 County Bank of Chesterfield, Midlothian, Virginia, prepared by the Federal Reserve Bank of Richmond, the institution's supervisory agency, as of November 8, 1999. 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 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 bank has not received any complaints regarding its CRA performance.

DESCRIPTION OF INSTITUTION

County Bank of Chesterfield operates four offices in Chesterfield County, Virginia. As of September 30, 1999, the bank had assets of approximately \$125 million, of which 71% 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 September 30, 1999, included the following: 61% commercial, 27% real estate secured (consumer and business), and 12% consumer. Based on the number of loans originated during the previous year, business and consumer motor vehicle secured loans were identified as the primary credit products offered by the institution. The institution's previous CRA rating was satisfactory.

DESCRIPTION OF ASSESSMENT AREA

County Bank of Chesterfield's assessment area encompasses most of Chesterfield County, Virginia. The county is located in the east-central portion of the Commonwealth and is part of the Richmond-Petersburg Metropolitan Statistical Area (MSA). The census tracts included in the assessment area are 1002.06 – 1002.95, 1004.03 – 1005.91, 1008.05 – 1008.93, and 1009.08 – 1010.02. According to 1990 census data, the assessment area has a population of 177,905 and a median housing value of \$87,828. The area contains 41 census tracts of which one is low-income, two are moderate-income, 23 are middle-income, and 15 are upper-income. The owner-occupancy rate for the community is 76% and is considerably higher than both the state and MSA rate of 61%. The 1999 median family income for the Richmond-Petersburg MSA is \$57,400.

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. The percentage of owner-occupied housing units and poverty rates by income level of geography is also provided.

Demographics for Assessment Area

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	10%	14%	25%	51%	100%

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Percentage of Population Residing in Census Tracts by Income Level	1%	1%	52%	46%	100%
Percentage of Owner-Occupied Units	<1%	1%	50%	49%	100%
Families Below Poverty Level by Income Level of Census Tract	60%	7%	4%	2%	N/A

The economy of the local community is well diversified with a mixture of manufacturing, service, and government employment opportunities. Some of the area's major employers include Phillip Morris, Reynolds Metals Company, Ukrop's Supermarkets, AlliedSignal, Inc., Dupont, UPS, and Hill Phoenix. Retail and wholesale trade also account for a substantial portion of the area's economic activity. July 1999 unemployment rates for Chesterfield County, the Richmond-Petersburg MSA, and the Commonwealth are 2.1%, 2.4%, and 2.8%, respectively.

A community contact was also made with a local economic development organization to further assist in evaluating the bank's CRA performance. According to the contact, local financial institutions are adequately serving the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN-TO-DEPOSIT RATIO

During the 11-quarter period ending September 30, 1999, the quarterly average loan-to-deposit ratio for all banks headquartered in metropolitan areas of Virginia and of similar asset size to County Bank of Chesterfield ranged from 72% to 76%. The bank's average loan-to-deposit ratio for the same 11-quarter period is 74%. During this period, the institution has experienced loan growth of 77% and deposit growth of 59%. The bank's loan-to-deposit ratio is considered reasonable given the institution's size, branch locations, and financial capacity.

LENDING IN ASSESSMENT AREA

A sample of 121 motor vehicle secured consumer loans and 108 business loans extended within the previous six months was reviewed to determine the institution's volume of lending within the assessment area. The samples were selected from approximately 300 motor vehicle loans and 225 business loans extended during the previous six months. The lending distribution 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	166	63	229
Percentage of Total Loans	72%	28%	100%
Total Amount of Loans (000's)	\$9,123	\$7,205	\$16,328
Percentage of Total Amount	56%	44%	100%

As illustrated by the chart above, a majority of the number (72%) and dollar amounts (56%) of the sampled loans were provided to residents and businesses of the assessment area demonstrating the bank's commitment to serving the credit needs of the community.

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

The following charts illustrate the distribution of the 90 consumer motor vehicle loans and the 76 commercial loans extended within the assessment area by borrower income level and by size of the business. Area demographics and the July 1998 Dun & Bradstreet (D & B) business data are used as proxies for demand when evaluating the bank's lending performance. Also, although the bank is not required under CRA to report information about its small business lending, aggregated lending data for institutions that do report such data may also be used as a measure for small business credit demand.

Distribution of Loans by Income Level of Borrower
Consumer Motor Vehicle Loans

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	26	28	22	14	90
Percentage of Total Loans	29%	31%	24%	16%	100%
Total Amount of Loans (000's)	\$185	\$298	\$199	\$168	\$850
Percentage of Total Loans	22%	35%	23%	20%	100%

Of the 90 motor vehicle loans extended within the assessment area, 29% and 31% were made to low- and moderate-income borrowers, respectively. This level of lending is substantially higher than the proportion of low- (10%) and moderate-income (14%) families residing in the community. Furthermore, 57% of the dollar amounts of the loans were extended to such borrowers.

Distribution of Loans by Size of Business

	Revenues ≤ \$1 Million	Revenues > \$1 Million	Total
Total Number of Loans	67	9	76
Percentage of Total Loans	88%	12%	100%
Total Amount of Loans (000's)	\$6,004	\$2,269	\$8,273
Percentage of Total Amount	73%	27%	100%

As illustrated above, 88% of the commercial loans extended within the assessment area were to entities with revenues of \$1 million or less. This level of lending compares favorably to the 1998 aggregate small business data, in which at least 53% of all reportable business loans extended within the bank's assessment area were to businesses with revenues less than \$1 million (the remaining loans were either to businesses with greater revenue or businesses for which revenue was not reported). Furthermore, the D & B data reveals that 90% of assessment area businesses have revenues less than \$1 million. Using this information as an estimate of demand for business credit, the institution's level of small business lending is considered good.

Overall, County Bank of Chesterfield's lending to borrowers of different income levels and to area small businesses is considered more than reasonable using various proxies for demand.

GEOGRAPHIC DISTRIBUTION OF LOANS

The review of loan files also included an analysis of lending among geographies of different income levels 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
Consumer Motor Vehicle Loans

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	0	1	45	44	90
Percentage of Total Loans	0%	1%	50%	49%	100%
Total Amount of Loans (000's)	\$0	\$6	\$388	\$456	\$850
Percentage of Total Loans	0%	1%	46%	53%	100%

Commercial Loans

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	0	0	34	42	76
Percentage of Total Loans	0%	0%	45%	55%	100%
Total Amount of Loans (000's)	\$0	\$0	\$4,068	\$4,205	\$8,273
Percentage of Total Loans	0%	0%	49%	51%	100%

Although none of the sampled loans were extended within the one low-income census tract and just one was extended in a moderate-income tract, only 2% of the market population reside in these areas. A review of D & B data indicates that 1% of the business establishments in the assessment area are located in low- and moderate-income areas. Furthermore, 1998 small business aggregate data reveals that less than 1% of the reported loans were made in such areas.

Using various proxies to estimate demand and the bank's recent addition of the two moderate-income tracts to the assessment area, the institution's overall geographic lending distribution is considered reasonable.

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. Technical violations of the Home Mortgage Disclosure Act's Regulation C were noted. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending and credit activities.