



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**January 28, 2002**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The Bank of Richmond, National Association  
Charter Number 23866**

**2730 Buford Road  
Richmond, VA 23235**

**Comptroller of the Currency  
Virginia Field Office  
3800 Electric Road Suite 204  
Roanoke, VA 24018**

**NOTE: This document is an evaluation of this 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. 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.**

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## **INSTITUTION'S CRA RATING**

**This institution is rated Satisfactory.**

The rating was assigned based on the following information:

- The bank's loan-to-deposit ratio is reasonable at 88.92% as of 9/30/01. The quarterly average using nine quarters beginning September 30, 1999, of 52.59% is reasonable as well, due to the bank's opening in July 1999.
- The Bank of Richmond, N.A. provides for the credit needs of the community with 69% of the number of loans sampled extended to borrowers within the assessment area.
- Lending to borrowers of different incomes is good.
- Geographic distribution of loans in the assessment area is reasonable.
- No public complaints related to CRA have been filed as of this examination date.

## DESCRIPTION OF INSTITUTION

This is the first CRA examination for The Bank of Richmond, N.A. (TBOR). There are no legal or financial impediments to the bank's ability to meet the credit needs of its assessment area.

TBOR is headquartered in Richmond, Virginia. The bank operates three full-service branch offices, three deposit-taking ATMs and 18 cash-only ATMs located within its assessment area. TBOR opened their first office as a newly chartered national bank in July 1999 and is not affiliated with another bank or holding company. Their second office opened in June 2000 and a third office opened in 2001. TBOR closed no offices since opening in 1999.

As of September 30, 2001, the bank's assets totaled \$56 million, of which net loans comprise 63 percent. The following two tables show the bank's lending activity since opening in July 1999 through September 30, 2001. As indicated below, consumer loans and commercial loans (including commercial real estate) are the primary loan types based on the number of loans made during this time period.

Product Category (By Security Type)	Lending Activity for the Period July 1999 to September 2001*	
	Number	Percent
Consumer	370	58.36
Commercial Including Commercial Real Estate	123	19.40
Construction and Development	101	15.93
Residential Real Estate	16	2.52
Other	24	3.79
<b>Total</b>	<b>634</b>	<b>100.00</b>

\* Data obtained from bank report.

The following table reflects the composition of the bank's loan portfolio based on the September 30, 2001 call report. As indicated below, the primary loan type based on the total outstanding dollar amount is commercial and industrial loans including commercial real estate which was also shown as a primary loan type based on originations during the evaluation period.

Product Category	Gross Loans as of September 30, 2001*	
	Dollar (000's)	Percent
Commercial and Industrial Loans Including Non-Farm Non-residential Real Estate	15,192	42.58
Construction and Development	10,507	29.46
Residential Real Estate	8,292	23.24
Consumer Loans	1,552	4.35
All Other	135	0.37
<b>Total</b>	<b>35,678</b>	<b>100.00</b>

\* Data obtained from bank report

## DESCRIPTION OF THE RICHMOND ASSESSMENT AREA

TBOR has one assessment area (AA) identified as the Richmond AA for purposes of this evaluation. The AA consists of specific contiguous census tracts from portions of the City of Richmond and the counties of Henrico and Chesterfield, all of which are part of the Richmond Metropolitan Statistical Area (MSA). The assessment area meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

The Richmond AA is located in central Virginia and is home to the state Capitol. Richmond, Virginia is located midway between Washington DC and Raleigh, North Carolina on Interstate 95. The city is the center of one of Virginia's largest metropolitan regions, and a hub of transportation, finance, and industry for the central part of the state. This assessment area is comprised of 47 census tracts, all of which are included in the Metropolitan Statistical Area. The population of the Richmond assessment area is approximately 185,000 and is characterized by a low cost of living and affordable housing. Unemployment as of March 2001 was 3.0 percent compared to the state average of 2.8 percent. The area's top three industries by distribution of employees are services, finance, and retail trade. Largest employers (by number of employees) include Capital One, Phillip Morris, and Reynolds Metals. Competition in this assessment area is high consisting of commercial banks, credit unions, mortgage banking firms, consumer finance companies, brokerage firms, etc.

Demographic data, based upon information from the United States Bureau of the Census as of 1990, reveals the bank's assessment area comprises 74,959 households and 49,935 families. Of the total households within the assessment area, 3.7% (2,780) are below the poverty level. The following table includes general demographic data describing the assessment area.

Demographic Characteristics of Assessment Area				
Income Level	#Census Tracts	% of Total	% of Population	% of Households
Low	1	2.13	0.07	0.12
Moderate	4	8.51	5.61	6.09
Middle	18	38.30	36.39	39.98
Upper	24	51.06	57.93	53.81
<b>Median Housing Value</b>	<b>\$114,168</b>			
<b>Income Level</b>				
1990 Median Family Income	<b>\$40,195</b>			
Updated Median Family Income	<b>\$61,800</b>			

We considered information from two community contacts in assessing the bank's CRA performance. We made one contact during our examination and used one contact made by another regulatory agency. These contacts included economic and housing representatives. Contacts indicate community credit needs include small business loans and loans to consumers. Performance by local financial institutions was considered satisfactory.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable given the level of competition in the assessment area and the bank's size. A review of bank data reveals that TBOR is similarly situated to First Capital Bank, Hanover Bank, and Bank of Powhatan, N.A. All institutions are similar in asset size, offer similar credit products, operate within the same assessment area, and are considered small banks under CRA guidelines. With the exception of Hanover Bank, these are all de novo banks. As shown in the table below, average loan-to-deposit ratios for de novo banks are usually lower than established banks. As of 9/30/01, TBOR's loan-to-deposit ratio was 88.92% and is considered in line with banks in its peer.

Institution Name	Average Loan to Deposit Ratio Nine quarters beginning September 30,1999
The Bank of Richmond, N.A.	52.59
First Capital Bank	60.71
Hanover Bank	85.64
Bank of Powhatan, N.A.	52.00

### Lending in Assessment Area

A majority of the bank's lending activity is to borrowers and businesses within its assessment area. Of the total sample of 48 loans, (26 business and 22 consumer), 32 or 67% were made within the assessment area. The table that follows summarizes the review of the loans made within the bank's assessment area.

Assessment Area	Business Loans				Consumer Loans			
	Sample Number of Loans		Sample Dollar of Loans		Sample Number of Loans		Sample Dollar of Loans	
	#	%	\$	%	#	%	\$	%
Inside	18	69.23	1,735	69.85	14	63.64	227	68.17
Outside	8	30.77	2,697	39.15	8	36.36	106	31.83
Total	26	100.00	4,432	100.00	22	100.00	333	100.00

## Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

TBOR has a good distribution of loans among borrowers of different income levels and to businesses of different sizes. The analysis of lending to borrowers of different income levels included a sample of 20 business loans and 18 consumer loans. The following tables contain distribution information for the loans sampled. The tables reflect satisfactory penetration among borrowers of different income levels, including low and moderate-income individuals.

Gross Annual Revenue Classification Level	Business Loans				% of Businesses in Assessment Area
	Sample Number of Loans within the Assessment Area		Sample Dollar Amount of Loans within the Assessment Area		
<\$1 million	15	75.00	2,253	77.77	85.25
≥\$1 million	4	20.00	510	17.60	10.40
Unknown	1	5.00	134	4.63	4.35
Total	20	100.00%	2897	100.00%	100.00

Borrower Income Classification Level	Consumer Loans				% of Households in Assessment Area
	Sample Number of Loans within the Assessment Area		Sample Dollar Amount of Loans within the Assessment Area		
Low	3	16.67	132	20.00	12.69
Moderate	7	38.89	140	21.21	14.78
Middle	5	27.78	230	34.85	19.20
Upper	3	16.67	158	23.94	53.33
Total**	18	100.00%	660	100.00%	100.00

\*\*Excludes loans for which borrower income could not be determined.

## Geographic Distribution of Loans

Overall, the bank has reasonable penetration of credit in its assessment area. Low and moderate-income tracts represent 5 of the 47 tracts in the assessment area. While loans have been extended in most census tracts, there is minimal penetration in the low-income tracts. There was no penetration found in the moderate-income tracts for business or consumer loans. However, lending patterns for the bank are reasonable given the small percentage of population in the low and moderate-income tracts and the location of the branches. The following tables illustrate the geographic distribution of business and consumer loans.

Business Loans					
Tract Classification Level	Sample Number of Loans Within the Assessment Area		Sample Dollar Amount of Loans Within the Assessment Area		Percent of Businesses in Each Tract
Low	1	5.00	12	0.41	3.27
Moderate	0	0.00	0	0.00	7.06
Middle	6	35.00	533	18.40	45.90
Upper	13	65.00	2,352	81.19	43.77
Total	20	100.00	2,897	100.00	100.00

Consumer Loans					
Tract Classification Level	Sample Number of Loans Within the Assessment Area		Sample Dollar Amount of Loans Within the Assessment Area		Percent of Households in Each Tract
Low	0	0.00	0	0.00	0.12
Moderate	0	0.00	0	0.00	6.09
Middle	7	35.00	197	29.76	39.98
Upper	13	65.00	465	70.24	53.81
Total	20	100.00	662	100.00	100.00

## Responses to Complaints

TBOR has not received any CRA-related complaints since opening in July 1999.

## Fair Lending Review

An analysis of two years public comments and consumer complaint information and HMDA lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. A fair lending examination has not been conducted at TBOR.