

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

November 27, 1996

**Central Fidelity National Bank
Charter Number - 22667
1021 East Cary Street
Richmond, Virginia 23219**

by

Office of the Comptroller of the Currency
Southeastern District
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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.

General Information

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Central Fidelity National Bank, Richmond, Virginia prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency.

The evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination concluding November 27, 1996. It does not reflect any CRA related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. §2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with the examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve the application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based upon a review of twelve assessment factors, which are grouped together under five performance categories, as detailed in the following section of this evaluation.

Assignment of Rating

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Methodology for CRA Assessment

The last Community Reinvestment Act examination for Central Fidelity National Bank (CF) conducted by the Office of the Comptroller of the Currency was dated December 31, 1994. This evaluation is for the consolidated bank and considers information from the time period from January 1, 1995 through October 30, 1996, depending upon available information.

Our evaluation of CF's CRA performance is based on an overall assessment of the 17 communities it serves. See the **Additional Information Section** of this report for a detailed listing of counties and cities in CF's community designation.

Bank Profile

Central Fidelity National Bank, Richmond, Virginia (CF), is a wholly-owned banking subsidiary of Central Fidelity Banks, Inc., Richmond, Virginia. With approximately \$10.5 Billion in assets, CF is the third largest Virginia banking organization. Total Loans at \$6.4 billion, (61% of assets), are centered in residential real estate, bank card, and other loans to individuals (at 65% of Total Loans). The bank operates 244 branch offices, of which 199 are considered full service. CF has thirty-three full service store branches, and more than 200 automated teller machines located throughout the Commonwealth of Virginia. These are administered among five banking regions, with each region containing several delineated local communities. A full description of these communities, as well as management's comments about some of their CRA efforts in the communities, is provided in the bank's Public Files. CF has also prepared a publication, "Community Reinvestment Act - Statement of Community Services", which provides an overview of the bank's CRA efforts. Members of the community are encouraged to contact the bank to obtain a copy of the publication, if you have questions about the bank's CRA Program or efforts.

The following table shows the relative size of CF in the eight Virginia MSAs. The table indicates the percentage by MSA of CF's \$6.860 billion in deposits. CF's ranking among all financial

institutions within each MSA market is also shown.

Central Fidelity Deposits by MSA As of 12/31/95			
MSA	% of total CF deposits (per MSA)	MSA Market Ranking of all Financial Institutions	% of total MSA deposit market
Richmond	31	3	13
Norfolk/Newport News	22	3	12
Alexandria/Northern VA	21	7	5
Lynchburg	13	1	31
Roanoke	6	3	10
Charlottesville	4	3	18
Bristol	2	3	12
Danville	1	7	6

Community Profile

Based on the 1990 U.S. Census, the population of Virginia was 6.1 million. The State's population was centered in the following areas: Northern Virginia, Richmond, and Tidewater. Since 1990, Virginia has experienced positive population growth. Estimates from the U.S. Census show that the population has increased approximately 454,000 people between 1990 and 1995. Twenty-four percent of the population is less than 18 years old, sixty-five percent is 18-64, and eleven percent is 65 and older. Fifty-one percent of the population is female. Virginia's family median income was \$38,626 according to the 1990 census, with an estimate at \$45,007 for 1995. Approximately thirty-one percent of the housing units in Virginia are renter occupied.

Virginia's unemployment rate of 4.0% reported for August 1996 was lower than the national rate of 5.1%, and a decline over the 4.6% reported one year ago. During the first quarter of 1996, Virginia's total employment payroll growth rate was reported at 3.29%. This rate of growth was significantly higher than the average growth rate for the United States of 2.01%. The service industry is the largest employer at 32.4% of all jobs, followed by retail trade at 16.1%, and manufacturing at 15.2% of the total workforce.

Discussion of Institution's Performance

Institution Rating:

Based upon the findings presented below, this institution's record of meeting its community's credit needs is rated “ **Outstanding record of meeting community credit needs** ”.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A)Activities conducted by the institution to ascertain the credit needs of its community including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

Conclusion:

- **CF has an exceptional record of determining the credit needs of its local communities, including low- and moderate-income (LMI) neighborhoods. Management has established ongoing contacts with leaders of civic, minority, governmental and small business organizations. An active community outreach and officer call program have been implemented and provide the foundation of ascertainment efforts. Directors, officers and employees of the bank also participate in various community programs and activities. This interaction allows the bank to determine the credit needs of the bank's communities, and develop loan programs to meet those needs.**

During 1995 and 1996, officers and employees at all levels had ongoing and frequent contacts with various individuals and community groups to ascertain the community's credit needs. These contacts included government representatives, local economic development authorities, community organizations, and religious groups. Affordable mortgage loans and loans to small businesses remain the chief credit needs for CF's delineated communities.

Each of the five banking regions prepares summaries of community outreach and officer call reports, which provide an overview of ascertainment activities. These reports are given to the Corporate Community Reinvestment Act Officer, who monitors the level of the activity. At least annually, senior management reviews local demographic data in relation to the bank's lending activities.

The Board of Directors and management have been proactive in addressing community credit needs with special products, flexible lending criteria, and more involvement in government loan programs for small businesses. Since its inception in 1992, the Community Investment Mortgage (CIM) Program has been widely accepted by low- and moderate income individuals as an alternative to more traditional financing for home purchase and home improvement mortgage products. The following CIM products were available to meet affordable housing needs (until they were replaced by a similar product):

- o CIM-80 (designed for those who earn 80% or less of the area median income)
- o CIM-115 (for those who earn between 80%-115% of the area median income)

Under these programs, the bank financed up to 95% of a home's purchase price either under a fixed or variable rate. Private mortgage insurance (PMI) was also waived for these loans. CIM applications were evaluated and underwritten in accordance with the Department of Housing and Urban Development's low- and moderate-income guidelines. After CF had generated over \$425 million in loans under this program, new applications were curtailed beginning in 1995 due to financial capacity considerations.

The CIM-100 mortgage product, designed for those who earn 100% or less of the area median income, replaced the two CIM products mentioned above in June 1996. This product allows financing up to 95% of the purchase price of a house at a fixed rate for 25 or 30 years. Two percent of this down payment can be from grants or gifts. PMI is required for these loans. CF continues to offer the Community Investment Home Improvement Loan (CIHI) which has more flexible underwriting criteria. The bank has increased the affordability of these mortgage products by waiving fees for credit reports and appraisals.

The bank also began offering FHA, VA, and Virginia Housing Development Authority (VHDA) loans in 1996. These products will help serve the same customers as the CIM program.

In addition to the officer call program, bank officers and employees participate in many other activities which ensure open lines of communication with members of the local community to facilitate ascertainment efforts. Many of these organizations are directly related to providing or improving housing for low- and moderate-income families and individuals. These organizations include, but are not limited to *Richmond Neighborhood Housing Services, Virginia Mountain Housing, Inc., Charlottesville Housing Foundation, Christmas in April, Arlington Housing Corporation, Wesley Housing Development Corporation, Blue Ridge Development and Housing Corporation, and Habitat for Humanity*. Other organizations promote business/economic development, including small business development. The following are examples of business development organizations that bank management participates in: *Downtown Richmond, Inc., Richmond Business Council, City of Richmond Bank Participation, The Chamber of Commerce in various locations, Urban Business Development Corporation, Southeast Fairfax Development, Down Town Roanoke, Inc., and Small Business Development Corporation*.

Efforts have been made to inform and educate all members of the bank's communities about the bank's loan products and services. CF employees have conducted several Community Banking Seminars to disseminate information about available products and to educate consumers concerning these products. Each seminar was designed to address the needs of a particular audience. For example, the bank's mortgage specialists conducted numerous home buying seminars in all of its delineated communities during 1995 and 1996. These seminars were to educate first-time home buyers about buying a home. Management also conducted several financial planning seminars in 1996.

Assessment Factor C) Extent of participation by the institution's board of directors in

formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

Conclusion:

- **The bank has a formal, written CRA program with goals, objectives and a methodology for self-assessment. The Board and senior management are integral parts of CRA activities. They exercise active policy oversight and conduct regular reviews of CRA activities and performance.**

The Board of Directors are actively involved in the CRA planning process, and have committed substantial resources to the bank's CRA program. A written CRA program has been established to administer the bank's CRA efforts.

The program provides for the development and oversight of the bank's CRA goals and objectives. The program includes the adoption of specific strategic plans that help ensure the credit needs of the delineated local communities, including low- and moderate-income neighborhoods, are being met.

CRA training sessions are provided to directors, senior management, and virtually all other employees on an ongoing basis. The training department has incorporated customer service and sensitivity training into all applicable training sessions. For example, any training for a new product would include sensitivity training to ensure that all consumers are offered the same level of assistance. Also, to update employees quickly and to stimulate CRA related efforts, the employees' newsletter contains significant or unique CRA related measures taken by bank staff.

To provide a constructive means of oversight and performance, each of the five banking regions has a CRA committee which develops specific CRA goals, objectives, and administers outreach activities for their area. Additional oversight of these regional activities is provided by CF's CRA Steering Committee, consisting of senior management, which actively oversees CRA initiatives and reviews performance on a quarterly basis. The Public Policy Committee of the bank's Board of Directors monitors quarterly reports on these activities. All CRA matters discussed by this committee are presented to the full bank Board of Directors, and to the corporate Board of Central Fidelity Banks, Inc.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B) The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

Conclusion:

- **CF has implemented sound marketing and advertising strategies that effectively communicate the availability of financial products and services throughout the Commonwealth of Virginia.**

Product specific advertisements are accomplished through high visibility media campaigns in community newspapers of general circulation, television, radio, magazines, branch office placards, direct mailings and mass solicitations, bank publications, and statement stuffers. Advertisements are produced in both English and Spanish. Automated teller machines are also equipped to process dual language transactions. Since the last CRA examination in December 1994, CF has initiated product specific advertising campaigns promoting consumer credit products such as instalment, credit card, home equity, and home purchase loans; free personal and business checking until the year 2000; and certificates of deposit. A limited amount of advertising is also conducted on CF's recently established Internet Web Site at www.centralfidelity.com.

The bank also actively markets its products and services in newspapers throughout the state that reach customers of all income levels. These newspapers, combined with selected media buys on urban and contemporary radio stations, represent valuable access to many low- and moderate-income neighborhoods throughout the bank's seventeen local communities. CF routinely measures the effectiveness of marketing and advertising strategies both internally and through independent media analyses conducted by third party consultants.

Extensive outreach and calling efforts complement the bank's formal marketing strategies. Through such efforts, CF has established meaningful relationships among a broad spectrum of community leaders. CF engages in various activities to assist the community in applying for credit through sponsorship and participation in home buyer seminars, one-on-one counseling, school presentations, budgeting, and other financial service seminars.

Assessment Factor I) The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

Conclusion:

- **CF's lending levels reflect strong responsiveness to the most pressing community credit needs. A substantial majority (85%) of all loans made by the bank are made within its delineated communities.**

CF offers a wide range of credit products of broad appeal to the general public. These products include loans for consumer purposes, real estate, small business, agricultural, community development, commercial, and industrial loans. For more details on the specific types of credit offered, you may contact any local branch office for a free copy of the *Bank Book*, or *CRA- Statement of Community Services*. Both publications correctly list all the products available through the bank.

Through its extensive branch network of 244 offices throughout Virginia, Central Fidelity continues to pursue the home mortgage market. The convenience of the widespread delivery system, combined with effective marketing strategies, solid relationships with local realtors, and enhancements in mortgage products, has contributed to the continued strong showing in mortgage related originations. Enhancements to the bank's mortgage products were implemented during the summer of 1996 to provide government guaranteed loans for

housing. This was done in direct response to community credit needs identified during the ascertainment process. Refinements were also made to the bank's internally developed Community Investment Mortgage (CIM) Program discussed under **Performance Category I**

As the following table indicates, mortgage related originations (residential, rehab, and home improvement) have increased steadily since the last CRA examination. Both the numbers and dollars extended show affirmative efforts by the bank to meet the community's credit needs. Also, through September 1996, agricultural loans to small farmers and extensions of credit to small businesses with annual revenues less than \$1 million are approaching, or exceed, levels recorded during all of fiscal year 1995.

Total Loan Originations				
	1995		YTD 9/30/96	
	Number	Loan Amt. (000)	Number	Loan Amt. (000)
Conventional Residential Mortgages	4,471	359,526	4,081	350,151
Housing Rehabilitations Loans	16	909	8	3,909
Home Improvement Loans	1,528	17,904	885	12,816
Small Business Loans (< \$1 Million)	4,531	357,057	4,825	361,549
Small Farm Loans	394	10,701	382	10,969
Totals	10,940	746,097	10,229	743,608

% Within Delineated Community: **89%** **88%** **81%** **85%**

Included in the small business numbers above, is the bank's new Small Business Line of Credit which was implemented in February 1996. Under this program, small businesses can apply for a line of credit for as low as \$5 thousand up to \$100 thousand. When combined with the bank's Small Business Checking account (no monthly maintenance or transaction fees until January 1, 2000), both products have been successful in the small business community.

Assessment Factor J) The institution's participation in government-insured, guaranteed or subsidized loan programs for housing, small businesses, or small firms.

Conclusion:

- **In addition to financing under the Small Business Administration Program (SBA) and various student loan programs, CF has expanded its participation in government guaranteed and insured lending through product offerings for housing. Demand for these products is increasing as evidenced by the volume of loans granted and the number of applications taken by the bank.**

In response to identified credit needs for more affordable and flexible mortgage products, CF

began offering Federal Housing Administration (FHA) and Veteran's Administration (VA) loans in June 1996. Shortly thereafter, financing under the Virginia Housing Development Authority (VHDA) program began in August 1996. Since the inception of these programs, 141 applications have been taken through September 1996 with 48 approvals granted. These products are not limited to first-time home buyers, and applicants continue to benefit from successfully completing a home buyer seminar.

As the following table shows, SBA financing continues to increase. Much of the volume in SBA lending has occurred under the "Low Doc" Program. This streamlined application and approval process significantly reduces the turnaround time for approval of small business loans less than \$100,000.

Government Guaranteed and Insured Loan Originations				
	1995		YTD 9/30/96	
	Number	Loan Amt. (000)	Number	Loan Amt. (000)
Government Guaranteed and Insured Loans for Housing (FHA, VA, VHDA)	0	0	48	4,214
SBA Loans - SBA 7a, SBA 504, Low Doc, and Capital Access (State Program)	40	4,971	54	10,676
Student Loan Programs* (Stafford, Plus, Edvantage)	13,696*	31,909*	7,243*	16,976*
Totals	13,736	36,880	7,345	31,866

* Represents new loans disbursed during these periods .

CF continues its aggressive involvement in student lending through the Stafford and Plus Federal Programs and the state-sponsored Edvantage Student Loan Program. As of September 1996, the bank has a portfolio of 14,338 accounts totaling \$62.5 million for customers throughout the Commonwealth of Virginia.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Communities

CF has delineated 17 communities encompassed in each of its 5 banking regions. Generally, designated regions are delineated taking into consideration Metropolitan Statistical Areas, County lines, or City limits. Some of these delineated communities have been appropriately expanded by bank management to include areas that are contiguous, and that the bank serves. These delineations are reasonable and do not arbitrarily exclude any low- and moderate-income neighborhoods. The method used by the bank to determine and validate its delineated communities is comprehensive and meets the purpose of CRA. See the Additional Information section of this evaluation for a listing of these communities.

Assessment Factor E) The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

Conclusion:

- **Overall loan distribution is widespread throughout CF's communities. The bank's loans penetrate all income segments of their designated community. Lending to LMI customers in consumer and HMDA related loans is especially noteworthy and is considered excellent.**

The following two tables show HMDA loan originations by income level for MSA's within the bank's delineated MSA communities since the last performance evaluation. The first table shows total CF HMDA lending in MSAs and compares it to the demographic distribution in that area. HMDA loans are home purchase loans and home improvement loans. A home purchase loan is any loan that will be used to purchase a dwelling and is secured by that dwelling. A home improvement loan is any loan that will be used to improve a dwelling (whether or not secured by the dwelling). CF's HMDA lending in these areas is similar to the demographic distribution and compares favorably in LMI lending. The second table shows the same numbers broken down by specific MSA. The Alexandria/NVA, Roanoke, Charlottesville and Danville MSAs have excellent lending distribution to LMI customers. The changes in CF's CIM program of affordable housing loans has some downward impact on the lending percentage to LMI customers.

MSA HMDA ORIGINATIONS BY INCOME LEVEL					
Income Level of Approved Applicants	***	1995		1996 (6 mos.)	
		#	%	#	%
Low-Moderate Income	35%	1,337	33%	841	30%
Middle Income	25%	1,072	26%	703	25%
Upper Income	40%	1,506	37%	1,119	40%
Income Not Available	0%	150	4%	131	5%
Total	100%	4,065	100%	2,794	100%

*Note: (1) *** Per the 1990 census, this number represents the percentage of families in each income category for the delineated community. 1995 HMDA data from public disclosure. 1996 loan data was supplied by the bank.
 (2) % equals the percentage in that category of the total number of loans made.*

PERCENTAGE OF HMDA LOANS TO LMI BORROWERS BY MSA			
MSA	1994 HMDA % LMI	1995 HMDA % LMI	LMI Percentage of Total Population (Per 1990 Census)
Richmond	36.0%	34.2%	37.1%
Norfolk/ Newport News	37.4%	28.7%	37.9%
Alexandria/ Northern Virginia	37.0%	33.1%	30.1%
Roanoke/Salem	46.5%	40.2%	36.2%
Bristol	29.6%	16.3%	42.0%
Lynchburg	35.5%	31.1%	37.5%
Charlottesville	40.8%	44.1%	35.9%
Danville	35.9%	41.6%	39.3%

The table below shows consumer loan originations by income level within the bank's delineated communities. The bank's consumer lending to LMI customers is excellent with a greater percentage going to these individuals than the demographic level in the designated communities.

CONSUMER LOAN ORIGINATIONS BY INCOME LEVEL					
Income Level of Approved Applicants	***	1995		1996 (6 mos.)	
		#	%	#	%
Low-Moderate Income	35%	19,744	45%	7,116	39%
Middle Income	25%	10,982	25%	4,775	26%
Upper Income	40%	12,533	28%	6,076	34%
Income Not Available	0%	812	2%	144	1%
Total	100%	44,071	100%	18,111	100%

*Note: (1) *** Per the 1990 census for the entire state of VA, this number represents the percentage of families in each income category for the delineated community. Consumer loan data was supplied by the bank.
(2) % equals the percentage in that category of the total number of loans made.*

The consumer loan distribution by census tract income levels shows lesser percentage of loans in LMI areas, but still good overall distribution.

CONSUMER LOAN ORIGINATIONS BY CENSUS TRACT					
CT Income Level of Approved Applicants	***	1995		1996 (6 mos.)	
		#	%	#	%
Low-Moderate Income	18%	5,718	15%	2,074	13%
Middle Income	51%	22,140	59%	8,581	56%
Upper Income	30%	8,974	24%	4,442	29%
Income Not Available	0%	671	2%	304	2%
Total	100%	37,503	100%	15,401	100%

*Note: (1) *** Per the 1990 census for the entire state of VA, this number represents the percentage of families in each census tract income category for the delineated community. Consumer loan data was supplied by the bank.
 (2) % equals the percentage in that category of the total number of loans made.
 (3) Does not include loans outside of census tracts.*

As shown in the table below, Central Fidelity originated more Home Mortgage Disclosure Act (HMDA) loans than any other HMDA reporting entity in the Virginia market in 1994. In 1995 Central Fidelity ranked second in the number of originations among mortgage loan providers in the state. Central Fidelity also originated the highest percentage of HMDA loans to low- and-moderate income individuals in 1994 and 1995. The decline in 1995 market share was partly due to CF's changes in its CIM affordable home purchase and home improvement loan program. These products were very popular in 1994 and the bank reached its limit on total investment in these loan types during 1995. The bank has subsequently developed other loan types, including government guaranteed credits, to help meet this community need.

HMDA LENDING IN VIRGINIA				
	% of Market Share By #	Rank in Market by #	% of LMI Market Share by #	Rank in Market for LMI by #
1994	4.40%	1	6.17%	1
1995	4.21%	2	4.45%	1

Assessment Factor G) The institution's record of opening and closing offices and providing services at offices.

Conclusion:

- **CF's offices are accessible to all segments of the bank's local and market communities. The bank reviews its services regularly and offers extended hours at each branch. The bank's record of opening and closing offices has not adversely affected the level of services available in low- and moderate-income neighborhoods within its local communities.**

The bank's offices are reasonably accessible to all segments of its community, including LMI areas. Central Fidelity operates 244 facilities in locations throughout their 17 communities. Forty-five of these facilities are situated within low- and moderate-income areas. Business hours and services are tailored to meet the needs of the delineated community.

Since our last examination, 14 branch closings have occurred. The bank has a branch closing policy to help minimize adverse impacts. Based on the analysis of each situation, the bank's record of closing offices has not adversely impacted the level of services available in the delineated community, including low- and moderate-income areas.

Since the last CRA examination, Central Fidelity opened 27 new branches throughout its delineated community. Fourteen were as a result of the Household Bank, F.S.B. purchase. Six were located in WalMarts and three in Farm Fresh Stores. Four of the branch closures previously mentioned were due to duplicate nearby branches from the Household Bank purchase.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D) Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

Conclusion:

- **The bank solicits credit applications from all segments of its communities including low- and moderate-income areas. We did not identify any practices intended to discourage credit applications on a prohibited basis.**

Through ongoing outreach and calling efforts, CF actively solicits credit applications from its entire community, including low- and moderate-income areas. No practices were noted during our examination that would have the intent or effect of discouraging applications.

The bank has implemented various programs to promote and ensure compliance with fair lending laws and regulations. Bank policies and procedures require consistent treatment for all credit applicants. Bank management monitors compliance with fair lending requirements through compliance department audits and a second review process for proposed rejections of HMDA-reportable loans. In addition, the bank performs annual self-assessments of its HMDA-reportable loan applications including comparative file reviews using race as the

prohibited basis to test for possible disparate treatment.

Employees across the state have received fair lending training. Since December 31, 1994, all lending and branch personnel have received training in ECOA, CRA, HMDA and other fair lending related issues. To assure consistent treatment of all applicants, management implemented a "Quality of Assistance" program. The Quality of Assistance program applies to both retail and mortgage lending and is designed to assist employees in better identifying and eliminating weaknesses in an applicant's credit qualifications, when appropriate. Also, the bank has implemented a second level review program, with initially denied applicants receiving a second review before denial.

Assessment Factor F) Evidence of prohibited discriminatory or other illegal credit practices.

Conclusion:

- **No evidence of discrimination or any other illegal credit practices was noted during the OCC's examination.**

Our fair lending review included a comparative file analysis using standard OCC procedures to determine if the application process would yield similar results for minority and non-minority applicants with similar qualifications. This analysis compared home improvement files for 44 denied black applicants to 181 white approvals. The sample was drawn from the bank's HMDA Loan Application Register (LAR) for applications decided during the fourth quarter of 1995, and the first quarter of 1996. Based upon this review, the bank was found to be in compliance with the provisions of the fair lending laws and regulations.

V. COMMUNITY DEVELOPMENT

Assessment Factor H) The institution's participation, including investment, in local community development and redevelopment projects or programs.

Conclusion:

- **The management and employees of CF have maintained, through ongoing efforts, a high level of participation in development and redevelopment programs within the bank's communities, often in a leadership role.**

The bank has maintained a very active role in development and redevelopment programs within its delineated communities. The bank continues to provide, through their Community Investment Division (CID), credit for the construction, development and rehabilitation of affordable housing for low- and moderate-income individuals. From its inception in 1990 to mid 1996, the bank's CID has helped grant over \$100 million in loans and is presently working on a second \$100 million commitment. Of this total, the bank committed \$50 million since our last examination.

Additionally, the bank participates in many community development and redevelopment projects in its seventeen delineated communities through services provided by its Real Estate Finance Division. Since our last examination \$74 million in community development loans

were made through this department.

The bank has participated, invested, made loans, or has been otherwise involved in numerous development and redevelopment projects over the past two years. Some examples of the bank's involvement through both the Community Investment and Real Estate Finance Divisions include the following:

- o Richmond Neighborhood Housing Services, Inc. - Central Fidelity has provided working lines of credit and individual construction money to this private, nonprofit corporation for new housing. This initiative was the first new housing in the Southern Barton Heights neighborhood for nearly 20 years. This area is located in a low- to moderate- income census tract.
- o Central Fidelity provided a \$4,400,000 loan for the construction of 132 apartments for the elderly in Newport News. All of these units are for low income occupancy.
- o A partnership was formed to develop a 150-unit apartment, low income tax credit project in Stafford County. The bank has provided \$6 million in construction financing for the project.
- o A private, nonprofit corporation was created to raise capital for the purchase and renovation of low income housing and multifamily projects throughout Virginia. The bank has participated by providing \$2.5 million through three funding phases.
- o The bank participated for \$160 thousand in a \$900 thousand loan to develop warehouse and manufacturing space to attract business growth in the Roanoke valley.
- o The bank provided \$988 thousand for acquisition, development and construction financing to build and sell affordable single family housing in Norfolk, Virginia.
- o The bank is also involved in several other community development corporations (CDC) throughout the state. These CDCs are involved in developing affordable housing and promoting economic development and job creation. CF's investments and loans to these entities total \$586,000.

Assessment Factor K)The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

Conclusion:

- **Given its size, financial condition, and banking office locations, the bank has the capacity to play a substantial role in meeting the credit needs of its delineated communities. To date, the bank has effectively addressed this role.**

There are no financial, legal, or economic barriers that prevent CF from meeting community credit needs. CF is one of the largest banks in Virginia, with offices located in the major communities throughout the state. The bank has made a significant commitment of resources to help community credit needs by funding loans for affordable housing, small business, and community development projects.

Refer to the **Bank and Community Profile** included in front section of this Performance Evaluation for more details on the bank and its market area.

Assessment Factor L - Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

Conclusion:

- **The bank engages in several other meaningful activities, not addressed under other performance categories, which enhance the bank's efforts to meet community credit needs and the non-credit banking needs of low- and moderate-income individuals.**

Examples of other activities which enhance the community are:

- > Charitable contributions to various community organizations and groups.
- > Deposit services designed for young customers (*Kidsbank*), those with limited checking needs (*Econo Checking*), and for small business customers (*Small Business Checking*) which has a limited fee structure.
- > Employee membership as well as leadership in a wide array of community, civic, and government organizations and groups.
- > Various programs which support the general educational needs of Virginia's young students.

ADDITIONAL INFORMATION SECTION

The following table contains the 17 delineated communities and the counties that make up each respective community.

DELINEATED COMMUNITIES FOR CENTRAL FIDELITY	
Community	Counties/City Served
Richmond	Chesterfield, Henrico, Hanover/Richmond, Colonial Heights, Petersburg, Hopewell
Tidewater	York, Isle of Wright, Gloucester/Norfolk, Virginia Beach, Chesapeake, Portsmouth, Suffolk, Hampton, Newport News, Poquoson, Williamsburg
Franklin	Southampton/Franklin
Parksley	Accomack
Northern Virginia	Arlington, Culpeper, Fairfax, Prince William, Spotsylvania, Stafford/Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, Manassas Park
Winchester	Frederick/Winchester
Roanoke	Roanoke, Botetourt, Franklin/Roanoke, Salem
Christiansburg	Montgomery, Pulaski/Radford
Martinsville	Henry/Martinsville
Abingdon	Washington, Smyth
Lynchburg	Amherst, Bedford, Campbell, Rockbridge/Lynchburg, Bedford, Buena Vista
Nellysford	Nelson
Charlottesville	Albemarle/Charlottesville
Emporia	Greensville/Emporia
Farmville	Amelia, Appomattox, Charlotte, Halifax, Lunenburg, Mecklenburg, Nottoway, Prince Edward/South Boston
Chatham	Pittsylvania
Harrisonburg	Harrisonburg

CRA Statement

Management has developed an expanded CRA Statement which is updated annually. The CRA Statement is comprehensive and elaborates on many of the bank's efforts relating to CRA. Members of the community may obtain a copy of the expanded CRA Statement at a convenient branch office of CF.