



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

August 21, 1997

Community Reinvestment Act Performance Evaluation

**Randolph National Bank
Charter Number 2274**

**P.O. Box 368
Main Street
Randolph, Vermont 05060**

**Office of the Comptroller of the Currency
New England Field Office
150 Federal Street, 2nd Floor
Boston, Massachusetts 02110**

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

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 **Randolph National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **August 21, 1997**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Institution's CRA Rating: This institution is rated Satisfactory .

Primary factors supporting the bank's overall rating include:

- An average loan to deposit ratio of 74% for the past eight quarters.
- A substantial majority of the bank's lending in 1996 and 1997 was within the assessment area.
- Lending performance reflected reasonable distribution of credit to borrowers of different income levels in the assessment area.

The following table indicates the performance level of **Randolph National Bank** with respect to each of the five performance criteria.

Small Institution Assessment Criteria	Randolph National Bank 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	Not Applicable		
Response to complaints	No complaints were received since the prior examination.		

Description of Institution

Randolph National Bank (RNB) is an \$82 million institution located in central Vermont. RNB is wholly owned by Central Financial Corporation, a one bank holding company. RNB's main office and an additional branch office are located in Randolph. In addition, branches are in Bethel, Rochester, South Royalton, and Royalton at Exit 3, Interstate 89. RNB has also recently installed two new Automated Teller Machines (ATMs), one ATM inside Rinker's Mobil at Exit 4, Interstate 89 (Randolph), and a stand-alone machine at Exit 2, Interstate 89, at the Sharon Trading Post in Sharon, Vermont.

A wide range of loan products are available from RNB including residential mortgages, commercial, and consumer loans. RNB also provides special home buying programs (First Time Home-buyers Mortgage Program and Housing Upgrade and/or Improvements Program). As of March 31, 1997, the loan portfolio totaled \$52 million and was comprised of 33% residential real estate, 13% commercial real estate, 39% commercial and industrial, 14% consumer, and a nominal number and percentage of agricultural loans. Additionally, RNB sells a portion of their residential mortgages and small business loans to the secondary market. For the last 18 months \$1.2 million was sold to Federal Home Mortgage Loan Corporation and \$344 thousand was sold to the Small Business Administration.

There are no financial or legal impediments that would prevent RNB from helping to meet the credit needs of its community.

Description of Assessment Area

RNB's assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude low or moderate income areas. RNB has defined one assessment area which is not located in any metropolitan statistical area. The assessment area is comprised of 9 block numbering areas (BNAs) within Orange, Addison, and Windsor County in Vermont. The income levels of the BNAs are all middle income.

Competition throughout the assessment area consists of other larger independent community banks as well as branches of large regional institutions.

The population in the assessment area is 26 thousand. The percentage of families in the low income level is 18%; the moderate income level is also 18%. Median family income is \$32 thousand. Median housing value for the area is \$86 thousand and the median age of existing housing stock is 33 years. Owner occupied and rental housing represents 75% of the total housing stock.

Principal industries in the area include medical care, light industrial, plastics, woodworking, and dairy farming. Primary employers include Gifford Medical Center, Vermont Casting, GW Plastics, Ethan Allen, and Vermont Technical College. The local economy remains stable. Unemployment in the assessment area through May 1997 is 3.0% which compares favorably to the state's unemployment rate of 3.8% for the same period.

Small business and housing related lending were described as the primary credit needs for the assessment area by both bank management and our community contacts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio:

RNB's loan to deposit ratio is reasonable. RNB's average loan to deposit ratio for the last eight quarters was 74% which ranks the bank in the 47th percentile among New England Banks with total assets between \$50-150 million.

Lending within the Assessment Area:

A substantial majority of RNB's lending is within the assessment area as indicated below in Table 1 and 1A.

TABLE 1

Percentage of Lending within Assessment Area (Year-To-Date 1997)		
Loan Product	By Number of Loans	By Dollars
Home Real Estate Mortgages	100% (34/34)	100%
Consumer Loans	75% (21/28)	75%
Business / Commercial	80% (8/10)	80%

TABLE 1A

Percentage of Lending within Assessment Area (1996)		
Loan Product	By Number of Loans	By Dollars
Home Real Estate Mortgages	86% (61/71)	85%
Consumer Loans	86% (57/66)	87%
Business / Commercial	80% (16/20)	66%

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

Our analysis of lending to borrowers of different incomes is based on all real estate originations for 1996 and for year-to-date (YTD) 1997 coupled with RNB's 10% sampling of consumer and commercial (business) lending activity for the same periods. We evaluated the bank's analysis/information and found the process, based upon random sampling techniques, to be valid.

Despite there being no low and moderate income block numbering areas within the assessment area, RNB's lending to low and moderate income individuals is reasonable. As Table 2 and 2A indicate, 24% and 31% of the number of residential real estate loans were made to low and moderate income level individuals for YTD 1997 and 1996 respectively.

TABLE 2

Residential Real Estate Originations (YTD 1997)				
Income Level	# of Loans	% of Loans	Dollar Amount (000's)	By Dollars
Low	2	6% (2/34)	24	1%
Moderate	6	18% (6/34)	137	7%
Total Low and Moderate	8	24% (8/34)	161	8%
Middle	10	29% (10/34)	588	31%
Upper	16	47% (16/34)	1,178	61%

TABLE 2A

Residential Real Estate Originations (1996)				
Income Level	# of Loans	% of Loans	Dollar Amount (000's)	By Dollars
Low	4	7% (4/61)	115	4%
Moderate	15	24% (15/61)	570	19%
Total Low and Moderate	19	31% (19/61)	685	23%
Middle	17	28% (17/61)	730	24%
Upper	25	41% (25/61)	1,615	53%

Table 3 and 3A indicate 48% and 42% of the number of consumer loans were made to low and moderate income level individuals for YTD 1997 and 1996 respectively.

TABLE 3

Consumer Loan Originations (YTD 1997)				
Income Level	# of Loans	% of Loans	Dollar Amount (000's)	By Dollars
Low	4	19% (4/21)	25	17%
Moderate	6	29% (6/21)	17	11%
Total Low and Moderate	10	48% (10/21)	42	28%
Middle	8	38% (8/21)	51	34%
Upper	3	14% (3/21)	58	38%

TABLE 3A

Consumer Loan Originations (1996)				
Income Level	# of Loans	% of Loans	Dollar Amount (000's)	By Dollars
Low	7	12% (7/57)	22	6%
Moderate	17	30% (17/57)	83	21%
Total Low and Moderate	24	42% (24/57)	105	27%
Middle	12	21% (12/57)	75	19%
Upper	21	37% (21/57)	217	54%

Performance is strong with respect to RNB's business lending. A high percentage of RNB's business loans qualify as "small business" loans (loans to businesses with annual revenues less than \$1 million).

TABLE 4

Commercial Loans (Business) YTD 1997				
Revenue Level	# of Loans	% of Loans	Dollar Amount (000's)	By Dollars
Under \$1 million	8	100% (8/8)	325	100%
Over \$1 million	0	0%	0	0%

TABLE 4A

Commercial Loans (Business) 1996				
Revenue Level	# of Loans	% of Loans	Dollar Amount (000's)	By Dollars
Under \$1 million	15	94% (15/16)	666	96%
Over \$1 million	1	6% (1/16)	25	4%

A fair lending examination was performed concurrently with this examination. The examination revealed satisfactory compliance with fair lending laws and regulations. No violations of the substantive provisions of the anti-discrimination laws and regulations were found. Credit terms and conditions were evenly applied among all credit applicants with no disparities detected. RNB's policies and practices are adequate and are adhered to by the lending staff. Additionally, all appropriate staff receive annual fair lending training.