



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **PUBLIC DISCLOSURE**

**October 3, 2005**

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

**Bank of Goochland, National Association  
Charter Number 24288**

**100 Broad Street Road  
Manakin-Sabot, VA 23103**

**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.**

## **INSTITUTION'S CRA RATING**

This institution is rated Satisfactory. The rating is based on the following:

- The loan-to-deposit ratio is reasonable.
- BOG has originated a majority of its small loans to businesses inside its assessment area.
- BOG's record of lending to businesses of different sizes closely approximates the percentage distribution of small businesses in the assessment area.
- There have been no complaints regarding BOG's performance under the CRA since the bank opened in November 2002.
- We found no evidence of illegal discrimination or other illegal credit practices.

## **DESCRIPTION OF INSTITUTION**

The Bank of Goochland, N.A. ("BOG") operates in Goochland County, Virginia. The main office is located in Manakin-Sabot, and a full service branch is located in Goochland. BOG was chartered in 2002 and opened for business on November 25, 2002. BOG is a wholly-owned subsidiary of TransCommunity Financial Corporation (TFC), a three-bank holding company located in Glen Allen, Virginia. Other wholly-owned bank subsidiaries include Bank of Powhatan, N.A. ("BOP") and Bank of Louisa, N.A., both of which are located in the Richmond-Petersburg, Virginia Metropolitan Statistical Area ("Richmond MSA"). TFC had total assets of \$143 million as of December 31, 2004.

BOG had total assets of \$59 million as of June 30, 2005. The bank is primarily a commercial lender focused on residential and commercial real estate development. Residential mortgage loans and consumer loans are not primary loans types. BOG originated only fourteen residential mortgage loans reportable under the Home Mortgage Disclosure Act ("HMDA") in 2004 and the first two quarters of 2005. The bank was not required to report under HMDA in 2003. Main Street Mortgage and Investment Corporation, a mortgage-banking subsidiary of BOP, is primarily responsible for facilitating residential mortgage loans.

This is BOG's first CRA Performance Evaluation. There are no legal circumstances impeding the bank's ability to help meet the credit needs in its assessment area ("AA"). However, the bank's ability to fully respond to AA credit needs is somewhat restricted by its legal lending limit.

## **DESCRIPTION OF ASSESSMENT AREA**

BOG's AA includes the contiguous counties of Goochland, Powhatan, Henrico, and Hanover, all of which are part of the larger Richmond MSA. The AA also includes one census tract in Richmond (independent city). This AA comprises 89 census tracts, two of which are low-income and eleven of which are moderate-income. Recent revisions to the MSA boundaries defined by the Office of Management and Budget did not affect the bank's defined AA.

The AA has experienced strong population growth and rapid development in recent years.

Population growth in the four-county AA has significantly exceeded that of the Commonwealth of Virginia. Unemployment in the AA has been lower than the Commonwealth of Virginia and the United States over the last five years. According to the Fall 2005 FDIC State Profile for Virginia, the Richmond MSA has been among the fastest-growing areas in the state with employment up slightly more than 2% from a year earlier. Residential construction has played an important role in employment growth. Major industry employment sectors include construction, manufacturing, retail trade, finance/insurance, education/health/social services, and professional.

BOG operates in a highly competitive market characterized by the presence of numerous financial institutions, mortgage companies, and non-financial intermediaries.

We considered information from one community contact in assessing the bank’s CRA performance. This contact is a small business development organization that serves the Richmond MSA. Small business needs include technical assistance and funding that is based on flexible and nontraditional lending standards. Specific loan needs include term financing, revolving and non-revolving lines of credit, and commercial real estate mortgages.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

The bank’s loan-to-deposit ratio is reasonable considering BOG’s resources and capacity to lend, demographic and economic factors, and lending opportunities available in the AA. BOG’s average quarterly loan-to-deposit ratio since it opened in the fourth quarter of 2002 is 65%. This reflects lower lending levels in the initial period of operation, which is typical for a new bank. The average loan-to-deposit ratio over the last five quarters is 80%. There are few similarly situated banks in the AA. Most banks operating in the AA are larger institutions with greater resources and a broader geographic base of operation. However, we identified five banks with total assets less than or equal to \$200 million as of June 30, 2004, headquartered in Virginia, and with no more than four offices, at least one of which is located in the AA. The average quarterly loan-to-deposit ratio for these banks ranged from 70% to 95% for the same 11 quarters where BOG averaged 65%.

### Lending in Assessment Area

BOG has originated a majority of its small loans to businesses inside its AA both in terms of the number of loans and the dollar amount of loans. The following table presents the results of our sample of 70 loans originated in 2003, 2004, and year-to-date 2005.

Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (000’s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Small Loans to Businesses	44	63%	26	37%	100%	\$4,671	66%	\$2,398	34%	100%

Source: Loan sample

## Lending to Businesses of Different Sizes

Lending to businesses of different sizes is measured in terms of annual revenues or sales. Our evaluation is based on a sample of 44 loans originated within the AA. The bank's record of lending to businesses of different sizes over the evaluation period closely approximates the percentage distribution of small businesses in the AA as reflected in the following table.

<b>Borrower Distribution of Loans to Businesses</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	61%	6%	33%	100%
% of Bank Loans in AA by #	57%	32%	11%	100%
% of Bank Loans in AA by \$	57%	24%	19%	100%

Source: 2004 Business Geodemographic Data and loan sample

## Geographic Distribution of Loans to Businesses

The bank's distribution of loans to businesses in low- and moderate-income census tracts lags the distribution of businesses located in those geographies as reflected in the following table. This evaluation is based on the same loan sample used to evaluate lending to businesses of different sizes. Lending in low-income tracts is affected by the fact that less than 1% of AA businesses are in these tracts. Additionally, lending in both low- and moderate-income tracts is likely affected by the fact that the bank's two offices are located in a county that has no low- or moderate-income census tracts. The majority of the low- and moderate-income census tracts are located in the most distant county in the assessment area from the bank's two locations.

<b>Geographic Distribution of Loans to Businesses</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans
	<1%	0%	10%	2%	53%	54%	37%	43%

Source: 2004 Business Geodemographic Data and loan sample

## Responses to Complaints

There have been no complaints regarding BOG's performance under the CRA since the bank opened in November 2002.

## Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.