



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

November 4, 2002 

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

**Bank of Powhatan, N. A.  
Charter Number 23943**

**2320 Anderson Highway  
Powhatan, VA 23139**

**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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## **General Information**

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

This rating is based on the following:

- The Bank of Powhatan, N.A. has originated a majority of its loans in the assessment area.
- The Bank of Powhatan, N.A. has a good distribution of loans and actively lends in all geographies within its MSA assessment area.
- Loan distribution closely approximates the income characteristics and percentage of small businesses in the assessment area.
- There have been no CRA-related complaints during this evaluation period.

## **Description of Institution**

The Bank of Powhatan, N.A. (BOP) is located in Powhatan, Virginia and operates one office. There is an automated teller machine at this location as well. BOP opened in March 2000, and this is their first CRA evaluation. BOP has a wholly-owned subsidiary, Main Street Mortgage and Investment Corporation (MSM) located in Richmond, Virginia. MSM offers conforming first deed of trust residential loans for sale in the secondary market, as well as, second deed of trust loans, equity lines, and non-conforming residential and commercial real estate loans for sale to private investors. MSM does not originate loans to hold on its books, but rather brings mortgage applicant and banks together. BOP is a wholly-owned subsidiary of TransCommunity Bankshares (TCB) which is headquartered in Richmond, Virginia. TCB had approximately \$48 million in assets as of September 30, 2002. In addition to owning BOP, TCB is in the process of organizing two national banks. There are no legal impediments to BOP's ability to meet the credit needs of its assessment area. The BOP does have some financial limitations because it is a new bank. For example, the bank just became profitable in mid-2002, has a lower legal lending limit than more established banks, and limited capital for expansionary activities.

BOP offers a full range of banking products including numerous types of deposit accounts, loan products for both consumers and businesses, telephone banking, and Internet banking with bill payment. BOP's hours of operation include lobby hours until 6pm Monday through Friday, drive-thru hours until 6:30pm, and Saturday hours from 9am to noon.

As of June 30, 2002, BOP's assets totaled \$37.7 million, of which net loans comprised 76%. The bank's primary loan products are residential real estate loans, consumer loans, and business-purpose loans. We identified these products using bank management's report of loans by purpose code. The bank's loan portfolio is divided as follows:

Product Category	Average Gross Loans as of June 30, 2002	
	Dollar (in millions)	Percent
Commercial & Industrial Including Commercial Real Estate	\$14	48
Residential Mortgage Loans	\$8	27
Individuals	\$3	10
Construction & Land Development	\$4	14
Farmland and Agriculture	-	1
Total	\$29	100%

## Description of Assessment Area

BOP has two assessment areas (AA) for CRA evaluation purposes. The first AA consists of 12 census tracts located in the Richmond-Petersburg, Virginia MSA. The second AA consists of Amelia and Cumberland Counties in Virginia, where the bank has a significant volume of loans. Both assessment areas meet the requirements of the CRA regulation.

BOP's competitors include Wachovia and Central Virginia Bank as well as banks in the surrounding Richmond area. To determine the credit needs of the AA, we reviewed community contacts performed by other regulatory agencies and contacted a representative from Goochland-Powhatan Community Services. This individual did not identify any specific credit needs, and had an overall positive view of the banks in Goochland and Powhatan counties. One contact made earlier in 2002 identified small business loans and consumer loans as the primary credit needs of the area.

### *MSA Assessment Area*

BOP has defined all of Powhatan County, Goochland County and three census tracts (1009.16, 1009.94 and 1010.01) in Chesterfield County as one assessment area. These areas are part of the Richmond-Petersburg, Virginia MSA which had a 1990 U.S. Census population of 865,640, and a September 2002 unemployment rate of 4.3%. Major employers in the area include Capitol One, Phillip Morris, and Reynolds Metals. The economic outlook for the AA is good. Economic conditions in Richmond and surrounding areas are changing due to the area's growth.

BOP's MSA assessment area consists of 12 census tracts. Two of the tracts are moderate-income (16%), five are middle-income (42%), and five are upper-income (42%). There are no low-income census tracts in this AA. The MSA had a 1990 Census Median Family Income of \$40,195 with the updated 2001 figure being \$61,800. Within the AA, 11.47% of families are low-income, 14.54% are moderate-income, 21.96% are middle-income, and 52.03% are upper-income. The AA has a population of 52,520, a median housing value of \$108,069, and 84% owner-occupied housing.

The town of Powhatan, which is the county seat of Powhatan County, is located approximately 20 miles west of the state capitol in Richmond. The county contains 262 square miles. The county's northern boundary is the James River, and its southern boundary is the Appomattox River. Chesterfield County, among the 25 fastest growing counties in Virginia in terms of population growth, lies to the east and Cumberland County, a more rural county, adjoins Powhatan County on its western boundary. The population of Powhatan County continues to increase and was 19,441 in 1997 and estimated at 22,843 in 2002. The largest percentage of workers, 33%, are in Management, Professional and Related occupations with Sales accounting for the next largest percentage at 26%. As of September 2002, Powhatan County's unemployment rate was 2.9%.

Goochland County is a growing rural county considered part of the Richmond Metropolitan Area. Its 289 square miles are located west of Richmond and Henrico County along the northern bank of the James River. It is bounded to the south by Powhatan County and to the north by Louisa and Hanover counties with Interstate 64 approximating the county line. Goochland County has sustained consistent population and economic growth over the last decade and this trend is expected to continue or accelerate. The population of Goochland County in 2000 totaled 16,863. This reflects a growth rate of approximately 20% from 1990, and is expected to continue. As of September 2002, Goochland County's unemployment rate was 3.1%.

Chesterfield County lies in east-central Virginia between the City of Richmond to the north and the Petersburg/Colonial Heights area to the south. Chesterfield's land area encompasses 446 square miles. The James River borders the county on the northeast, and the Appomattox River forms the county's southern boundary. The county's September 2002 unemployment rate was 3.3%.

#### *Non-MSA Assessment Area*

BOP's non-MSA assessment area consists of Cumberland County and Amelia County in Virginia. Each county has Block Numbering Areas (BNA), and all four are middle-income. Within the AA, 19.31% of families are low-income, 18.03% are moderate-income, 22.35% are middle-income, and 40.31% are upper-income. The AA has a population of 16,612, a median housing value of \$50,083, and 72% owner-occupied housing. The 1990 Census median family income was \$28,301 with the updated 2001 figure being \$40,800.

Amelia County is located 35 miles southwest of Richmond, and is 73% forested. The county is bordered by Cumberland County on the west. The predominant industries are in office supplies, lumber and wood products. Agriculture is an important part of the county's economy with soybeans being the largest cash crop. The September 2002 unemployment rate was 4%.

Cumberland County has a population of approximately 9,000 and an unemployment rate of 2.1%. The county has a diverse occupational base with the largest percentage in Sales and Office occupations at 25% followed by Management and Professional at 22%, and Education, Health and Social Services at 20%. The September 2002 unemployment rate was 3.2%.

## Conclusions About Performance Criteria

### Loan-to-Deposit Ratio

Analysis of this performance factor is not meaningful because there are no similarly-situated banks to BOP. BOP opened in March 2000 and operates one office in Powhatan County. The only other banks operating in Powhatan County are Wachovia and Central Virginia. Neither of these institutions is similar to BOP due to their size and branching network. However, for comparative purposes, we identified three banks with assets less than \$100 million as of June 30, 2002 operating in Richmond, Virginia. These banks were First Capital Bank, The Bank of Richmond, N.A., and Southern Community Bank & Trust. Two of these three banks have only one office. BOP's average quarterly loan-to-deposit ratio since opening is 60.28% and is in line with these banks whose quarterly ratios ranged from 62% to 68% over the period March 2000 to June 2002.

### Lending in Assessment Area

Since opening, BOP has originated a majority of its loans, both number and dollar, within the assessment area. We selected a sample of 153 loans from March 2000 to September 2002 to evaluate the bank's performance in this area. The sample covered the bank's primary loan products and included 47 business loans, 54 residential real estate loans, and 52 consumer loans. The following table provides a synopsis of the sample results:

	<b>Number of Loans</b>	<b>Percent of Number</b>	<b>Dollar of Loans</b>	<b>Percent of Dollar</b>
<b>Inside AA</b>	122	<b>80%</b>	\$11,071,345	<b>70%</b>
<b>Outside AA</b>	31	20%	\$4,738,297	30%
<b>Total Loans Sampled</b>	153	100%	\$15,809,642	100%

## Lending to Borrowers of Different Incomes and to Businesses of Different Sizes 1

To evaluate the BOP's performance in this area, we used loan files from the 153-file loan sample discussed previously in this Report plus an additional 12 files located in the AA. In some cases, we could not review 20 loans per primary product because the bank had not originated that many or financial information was lacking. However, the sample sizes were large enough to provide a reasonable picture of the bank's performance.

### *MSA Assessment Area*

BOP's loan distribution closely approximates the income characteristics and percentage of small businesses in the assessment area as outlined in the following tables.

#### Residential Real Estate Loans

Income Level	% of Families	Number of Loans	Percent Number	Dollar of Loans	Percent Dollar
Low	11.47%	2	10%	\$29,250	3%
Moderate	14.54%	7	35%	\$229,600	22%
Middle	21.96%	6	30%	\$494,550	48%
Upper	52.03%	5	25%	\$267,624	27%
<b>Total</b>	<b>100%</b>	<b>20</b>	<b>100%</b>	<b>\$1,021,024</b>	<b>100%</b>

#### Consumer Loans

Income Level	% of Households	Number of Loans	Percent Number	Dollar of Loans	Percent Dollar
Low	12%	8	26%	\$62,977	16%
Moderate	12%	4	13%	\$29,576	7%
Middle	18%	9	29%	\$89,972	23%
Upper	58%	10	32%	\$211,741	54%
<b>Total</b>	<b>100%</b>	<b>31</b>	<b>100%</b>	<b>\$394,266</b>	<b>100%</b>

#### Loans to Businesses of Different Sizes

	Number of Loans	Percent Number	Dollar of Loans	Percent Dollar	% of Businesses by Revenue Size*
Revenues < \$1 million	16	84%	\$3,907,133	87%	87%
Revenues >\$1 million	3	16%	\$584,944	13%	13%
<b>Total</b>	<b>19</b>	<b>100%</b>	<b>\$4,492,077</b>	<b>100%</b>	<b>100%</b>

\* Based on 2001 Business Geodemographic Data produced by software program CRA Wiz.

1 All demographic information included in this section and the Geographic Distribution section of this Report is based on 1990 U.S. Census Bureau data, unless otherwise noted.

*Non-MSA Assessment Area*

BOP's lending to borrowers of different incomes and businesses of different sizes is reasonable relative to the demographic characteristics of the assessment area. The dollar percentage of loans to businesses with revenues less than \$1 million, 29%, does not approximate the percentage of small businesses, 87%, in the assessment area. However, this figure is easily impacted by large dollar loans, and the number of loans closely mirrors the percentage of small businesses. Therefore, we considered the bank's performance in this area satisfactory.

**Residential Real Estate Loans**

<b>Income Level</b>	<b>% of Families</b>	<b>Number of Loans</b>	<b>Percent Number</b>	<b>Dollar of Loans</b>	<b>Percent Dollar</b>
<b>Low</b>	19.31%	2	8%	\$88,175	9%
<b>Moderate</b>	18.03%	9	38%	\$278,719	29%
<b>Middle</b>	22.35%	7	29%	\$478,124	49%
<b>Upper</b>	40.31%	6	25%	\$103,870	11%
<b>Total</b>	100%	24	100%	\$948,888	100%

**Consumer Loans**

<b>Income Level</b>	<b>% of Households</b>	<b>Number of Loans</b>	<b>Percent Number</b>	<b>Dollar of Loans</b>	<b>Percent Dollar</b>
<b>Low</b>	24%	2	17%	\$3,420	4%
<b>Moderate</b>	14%	4	33%	\$28,635	30%
<b>Middle</b>	20%	3	25%	\$26,432	28%
<b>Upper</b>	42%	3	25%	\$35,847	38%
<b>Total</b>	100%	12	100%	\$94,334	100%

**Loans to Businesses of Different Sizes**

	<b>Number of Loans</b>	<b>Percent Number</b>	<b>Dollar of Loans</b>	<b>Percent Dollar</b>	<b>% of Businesses by Revenue Size*</b>
<b>Revenues &lt; \$1 million</b>	16	80%	\$920,534	29%	87%
<b>Revenues &gt;\$1 million</b>	4	20%	\$2,227,000	71%	13%
<b>Total</b>	20	100%	\$3,147,534	100%	100%

\* Based on 2001 Business Geodemographic Data produced by software program CRA Wiz.

## Geographic Distribution of Loans

BOP has a good distribution of loans and actively lends in all geographies in its MSA assessment area. We did not identify any conspicuous gaps or areas of low penetration. We did not analyze the geographic distribution of loans in the non-MSA assessment area because there are no low- or moderate-income BNAs. The sample included 21 residential real estate loans, 31 consumer loans, and 21 business loans. These loans were part of the loan sample discussed previously in this Report.

### Residential Real Estate Loans

Income Level of Tract	% of Owner-Occupied Units	Number of Loans	% Number of loans	Dollar of loans originated	% Dollar of Loans
Moderate	10.56%	8	38%	\$443,088	34%
Middle	34.70%	12	57%	\$577,936	44%
Upper	54.74%	1	5%	\$280,000	22%
<b>Total</b>	<b>100.00%</b>	<b>21</b>	<b>100%</b>	<b>\$1,301,024</b>	<b>100%</b>

### Consumer Loans

Income Level of Tract	% Households	Number of Loans	% Number of loans	Dollar of loans originated	% Dollar of Loans
Moderate	11.30%	7	23%	\$60,061	15%
Middle	36.27%	18	58%	\$240,892	62%
Upper	52.43%	6	19%	\$91,333	23%
<b>Total</b>	<b>100%</b>	<b>31</b>	<b>100%</b>	<b>\$392,286</b>	<b>100%</b>

### Business Loans

Income Level of Tract	% of Businesses	Number of Loans	% Number of loans	Dollar of loans originated	% Dollar of Loans
Moderate	7%	2	9%	\$180,000	3%
Middle	40%	14	67%	\$4,697,109	86%
Upper	53%	5	24%	\$614,968	11%
<b>Total</b>	<b>100%</b>	<b>21</b>	<b>100%</b>	<b>\$5,492,077</b>	<b>100%</b>

## Responses to Complaints

There have no CRA-related complaints since the bank opened in March 2000.

## Fair Lending Review

We analyzed March 2000 through October 2002 public comments and consumer complaint information in accordance with the OCC's risk based fair lending approach. Based on the 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.