



SMALL BANK

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

PUBLIC DISCLOSURE

November 27, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Bank of Louisa, National Association
Charter Number 24501**

**217 East Main Street
Louisa, VA 23093**

**Comptroller of the Currency
Virginia (Roanoke)
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 was assigned based on the following information:

- The bank's loan-to-deposit ratio is more than reasonable.
- A majority of the bank's loans were originated within their assessment area.
- Analysis reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- No public complaints related to CRA have been filed since the bank opened.

DESCRIPTION OF INSTITUTION

The Bank of Louisa, N.A. (BOL) is a subsidiary of Transcommunity Financial Corporation (TFC). TFC is a three-bank holding company with \$193 million in total assets. BOL has two affiliates, Bank of Powhatan, N.A. and Bank of Goochland, N.A. There are no legal or financial impediments to BOL's ability to meet the credit needs of its assessment area. This is the bank's first CRA examination.

BOL is a full service community bank located in Louisa, Virginia. This is the bank's only location. BOL has one depository ATM.

As of September 30, 2006, BOL's assets totaled \$30 million, of which net loans comprised 59 percent.

The following table reflects the composition of BOL's loan portfolio based on the September 30, 2006 Call Report.

Loan Type	Dollar (000's)	Percent
Construction & Land Development	6,656	36.77
Commercial & Industrial Including Commercial Real Estate	7,113	39.29
Residential Mortgage Loans	2,608	14.41
Individuals	653	3.61
All Other	8	.04
Farmland and Agriculture	1,064	5.88
Total	18,102	100.00

Data obtained from Call Report.

We chose the primary loan types based on the bank's business strategy and the number of loan

originations. Based on the criteria, commercial and industrial loans, including commercial real estate and, consumer loans, are the bank's primary loan types. Management agreed with our selection of the primary loan types.

DESCRIPTION OF ASSESSMENT AREA

The bank has one assessment area (AA):

- Louisa County, VA

Louisa County is largely rural with a population density of about 43 people per square mile. Population for this assessment area is 25,627. About 10 percent of the county is developed as urban, residential, or industrial; 71 percent in natural and planted forest lands; 16 percent in crop, pasture, and open land; and 3 percent in water bodies. Louisa County is located in the Central Piedmont region near the heart of Virginia in the prosperous Richmond, Charlottesville, and Fredericksburg triangle. Unemployment for this assessment area is 1.70 percent. The area's top three industries by distribution of employees are services, construction, and retail trade. The bank has 100 percent of their deposits in this assessment area and 10.17 percent of the deposit market share¹. Competition in this assessment area consists of eight branches of FDIC-insured institutions representing five banks varying in asset size. Louisa County is part of the Richmond Metropolitan Statistical Area (MSA).

Community Contact

We conducted one community contact during this examination with a representative of an education counseling organization serving Louisa County. The contact indicated there is a need for above minimum wage jobs as well as low to moderate income housing. The contact also indicated there is a need for public housing. The contact identified the primary need in the community as mortgage programs for low-income individuals. The contact was not well informed of the local banking community's effort to meet the needs.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The loan to deposit ratio is reasonable when compared to the other similarly situated institution. A review of bank data reveals that BOL is similarly-situated to Virginia Community Bank. Virginia Community Bank offers similar credit products and operates in the same assessment area as BOL. The following table reflects the average quarterly loan to deposit ratio of both banks.

¹ Based on the FDIC's June 30, 2004 Summary of Deposits.

Institution Name	Average Quarterly Loan to Deposit Ratio Nine quarters beginning June 30, 2004
Bank of Louisa	70.47%
Virginia Community Bank	72.01%

Lending in Assessment Area

The bank originated a majority of loans within their assessment area. Based on our sample, 64 percent of total loans, 46 percent of commercial loans sampled and 81 percent of consumer loans sampled, were made inside the bank's AA. The analysis of lending in the bank's assessment area included a sample of primary loan types: 28 commercial loans and 27 consumer loans. The sample included loans originated between April 19, 2004 and November 27, 2006. There were no conspicuous gaps in the bank's lending patterns.

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

The distribution of loans, given the demographics of the assessment area, reflects reasonable penetration among borrowers of different income levels (including low-and moderate-income) and businesses of different sizes. The analysis of lending to borrowers of different income levels and businesses of different sizes was completed using all files inside the assessment area from the lending in the assessment area sample, excluding loans for which income information was not available.

The distribution of consumer loans is more than reasonable. The bank originated 44 percent and 11 percent of their consumer loans to low and moderate-income borrowers, respectively, based on the number of sampled loans. Demographic information shows that 18 percent of the households in the assessment area are low-income and 14 percent are moderate-income.

The distribution of loans to small businesses (those with less than \$1 million in gross annual revenues) is more than reasonable. BOL originated 85 percent of sampled commercial loans to small businesses, where the comparative demographic information shows small businesses represent 64 percent of all businesses in the assessment area.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The distribution of consumer loans is reasonable. The bank originated 68 percent of their consumer loans to borrowers in moderate-income tracts, where the comparative demographic information shows 60 percent of the households are in moderate-income tracts. The distribution of loans to small businesses is reasonable. BOL originated 60 percent of their small business loans to businesses in the moderate-income tracts while 68 percent of the businesses in the assessment area are located in moderate-income tracts. There are no low-income tracts in the assessment area.

Responses to Complaints

BOL has not received any CRA-related complaints since opening on April 19, 2004.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.