

## PUBLIC DISCLOSURE

*July 10, 1996*

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Anderson National Bank  
Charter # 18282

304 North Main Street  
Anderson, South Carolina 29622

Office of the Comptroller of the Currency

1117 Perimeter Center West, Suite W-401  
Atlanta, Georgia 30338-5417

**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 Community Reinvestment Act performance of **Anderson National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **July 10, 1996**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

**INSTITUTION'S CRA RATING:** This institution is rated **SATISFACTORY**.

The CRA rating for Anderson National Bank is based on the institution's reasonable loan-to-deposit ratio, majority of lending within its assessment area, reasonable distribution of lending to borrowers of different income levels and businesses of different sizes, and a balanced distribution of loans to borrowers in different geographies.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	ANDERSON 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		X	
Response to Complaints	Anderson National Bank has not received any CRA-related complaints since the previous evaluation.		

## DESCRIPTION OF INSTITUTION

Anderson National Bank ("ANB" or "the bank") is a wholly owned subsidiary of a three-bank holding company, First United Bancorporation. ANB operates in Anderson County, South Carolina. As of March 31, 1996, it had assets of \$93 million, total loans of \$69 million, and total deposits of \$82 million. ANB operates two branches in the City of Anderson and one branch in each of the towns of Pelzer and Williamston. There are no known legal impediments that would refrain the bank from meeting the credit needs of its assessment area.

ANB is a retail banking institution that offers traditional financial services including commercial loans, residential mortgage loans, home equity loans, consumer loans, and deposit accounts. Its primary business focus is residential real estate lending as approximately 37 percent of its loans are for one to four family dwellings and home equity lines of credit. Manufacturing is the leading industry in the local economy and accounts for 37 percent of the labor force. Major local employers include Anderson Area Medical Center, Michelin Tire Corporation, State of South Carolina, and Ryobi Motor Products Corporation. There are no other banking institutions that are headquartered in the assessment area; however, there are several branches of other community banks and larger banking companies that are based outside of the assessment area.

## DESCRIPTION OF ASSESSMENT AREA

ANB's assessment area includes 27 contiguous census tracts that are located within a five mile radius of each branch within Anderson County. The population of the assessment area is 112,525 (77 percent of the County)<sup>1</sup>. Anderson County has a population of 145,196 and is included in the Greenville-Spartanburg Metropolitan Statistical Area (MSA). The HUD MSA Median Family Income is \$40,300<sup>2</sup>. To facilitate our analyses of lending to borrowers of different incomes and loan penetration in varying census tracts, we subdivided the borrowers and census tracts into four income groups (low, moderate, middle, and upper income). There are no low income census tracts within the assessment area (census tracts with median

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<sup>1</sup>1990 U.S. Census Bureau.

<sup>2</sup>1990 U.S. Department of Housing and Urban Development.

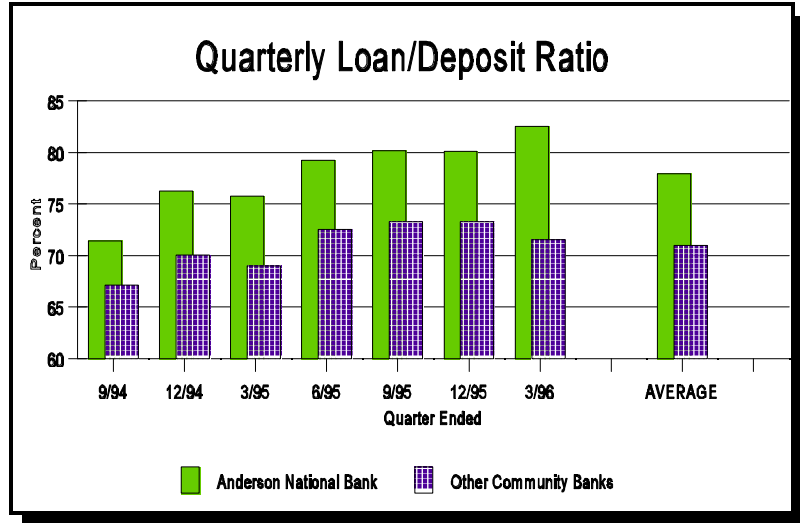
family incomes less than 50 percent of the HUD MSA Median Family Income). The assessment area is composed of six moderate income tracts, 16 middle income tracts, four upper income tracts, and one tract with no available census information. The assessment area includes the cities and townships of Anderson, Belton, Pelzer, Starr, West Pelzer, and Williamston.

During our examination, we contacted an official of a local community development organization to discuss credit needs within the community. It was determined that the primary credit need in the assessment area is funding for downtown revitalization projects in the City of Anderson.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

**Loan-to-Deposit Ratio**

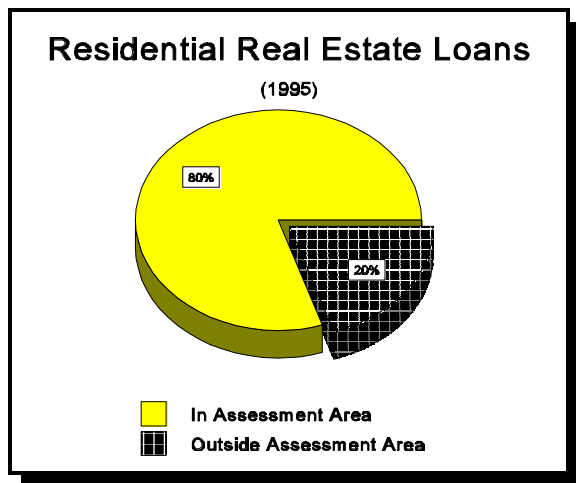
The bank's seven-quarter average loan-to-deposit ratio is reasonable at 78 percent compared with 71 percent for two other community banks with main offices in Anderson County. Please see *figure 1* for a quarterly comparison between Anderson National Bank and other community banks.



**Figure 1**

**Lending in Assessment Area**

A majority of the bank's residential real estate loans were extended to borrowers within the bank's assessment area. During 1995, the bank originated 80 percent of its home purchase loans, mortgage refinancing loans, and home improvement loans to borrowers residing within the 27-census tract assessment area (see *figure 2*). Within the assessment area, 51 percent of the number of residential real estate loans were for home purchases (see *figure 3*).



**Figure 2**

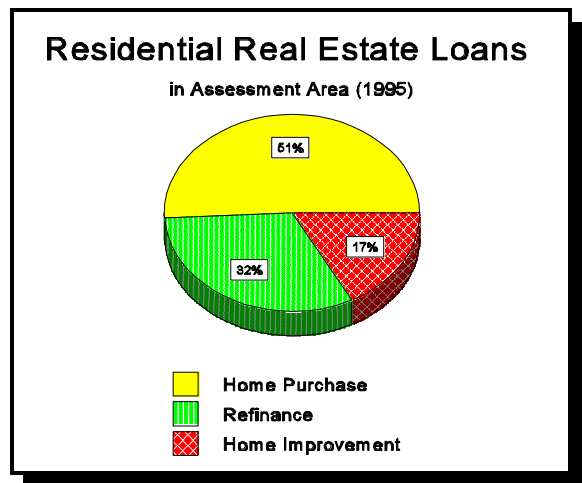


Figure 3



## Distribution of Credit

Our analysis of the bank's lending patterns to borrowers of different income levels and geographies within the assessment area was based on 133 (100 percent) residential real estate loans, including home purchase, home refinance, and home improvement loans that originated in 1995. Also, we randomly selected 30 commercial loans to determine the bank's lending patterns to businesses of different sizes.

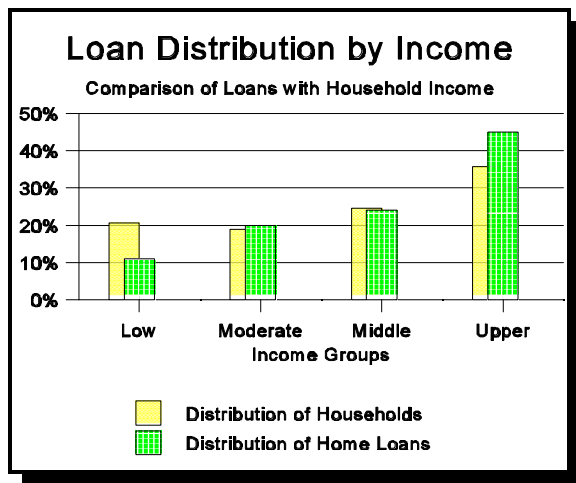


Figure 4

correlate to the low, moderate, middle, and upper income groups of the population.

Lending to businesses of different sizes is reasonable. Based on our sample, commercial loans were made to businesses of varying sizes. Our sample revealed that 47 percent of the commercial loans were extended to smaller businesses with sales less than \$500,000 (figure 5).

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

Lending to borrowers of different incomes is reasonable. As the graph indicates (figure 4), 11 percent and 20 percent of the home loans that originated in 1995 were extended to low and moderate income borrowers, respectively. Also, the distribution of home loans to middle and upper income individuals was 24 percent and 45 percent, respectively. The distribution of home loans compares favorably with the demographic information from the 1990 Census Bureau. Overall, the loans extended by income group

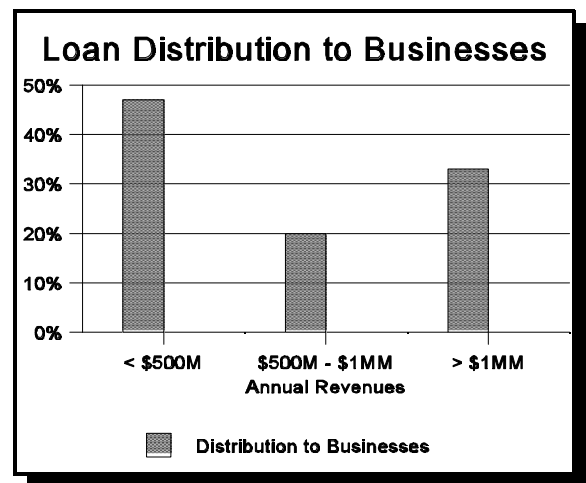


Figure 5

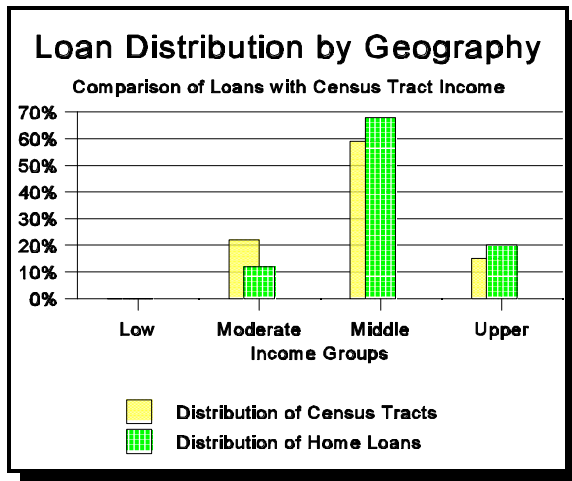


Figure 6

### Lending to Borrowers in Different Geographies

The bank has a satisfactory record of lending to all segments of its assessment area. The assessment area contains 16 middle income census tracts which represent 59 percent of all tracts. There are no low income census tracts in the assessment area with a median income less than 50 percent of the HUD MSA Median Family Income. Please refer to page 3 for a description of the assessment area.

Based on the number of home loans extended, 12 percent were made to borrowers residing in moderate income areas. However, loan penetration was low in two of the moderate income census tracts when compared with the population of those tracts (*table 1*). During 1995, home loan penetration was low in census tract 6.00 due to the high percentage of the population living in rental housing. Also, loan penetration was low in census tract 119.00 due to the location of the nearest ANB branch. The population in this tract is served by branches of other financial institutions in that area. Borrowers living in middle and upper income tracts obtained 68 percent and 20 percent of the home loans, respectively (*figure 6*). The distribution of home loans to borrowers in different census tracts within the assessment area is consistent with the census tract demographics of the assessment area. The bank's internal geographic distribution analysis for 1995 further supported the lending distribution by census tract.

**Moderate Income Census Tracts In Assessment Area**

<i>Tract#</i>	<i>Town Name</i>	<i>Income % of MSA</i>	<i>Population</i>	<i># of MMDA Loans</i>	<i>% of MMDA Loans</i>	<i>% of Population</i>
4.00	Anderson City	56.11%	2,964	2	1.50%	2.60%
6.00	Anderson City	53.20%	4,676	1	0.75%	4.20%
7.00	Anderson City Homeland Park	55.31%	5,979	6	4.50%	5.30%
8.00	Anderson City	64.43%	2,425	2	1.50%	2.20%
9.00	Anderson City	76.75%	3,197	4	3.00%	2.80%
119.00	Homeland Park	79.45%	7,881	1	0.75%	7.00%
<i>Total</i>			27,122	16	12.00%	24.10%

**Table 1**

**Response to Consumer Complaints**

Anderson National Bank did not receive any CRA-related complaints since the most recent CRA examination dated August 30, 1994.

**Record of Compliance with Antidiscrimination Laws.**

We did not find any discriminatory lending practices or violations of the substantive provisions of federal antidiscrimination laws and regulations, including the Equal Credit Opportunity Act, Fair Housing Act, and the Home Mortgage Disclosure Act. The bank has instituted formal fair lending policies and procedures, training programs, and internal self-testing measures.

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