

**Small Bank**

**PUBLIC DISCLOSURE**

**February 22, 1999**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Carolina Community Bank, N.A.  
Charter # 22969  
101 East Leitner Street  
Latta, South Carolina 29565**

**Office of the Comptroller of the Currency  
Carolina Field Office  
6100 Fairview Road, Suite 1154  
Charlotte, North Carolina 28210**

**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 (CRA) performance of **Carolina Community Bank** prepared by **The Office of the Comptroller of the Currency**, as of December 31, 1998. 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 bank's performance was reviewed for the period of December 31, 1996 to December 31, 1998. The average loan-to-deposit ratio is reasonable. A substantial majority of loans and lending activities are within the institution's assessment area. The distribution of borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses of different sizes.

The following table indicates the performance level of Carolina Community Bank with respect to each of the five performance criteria.

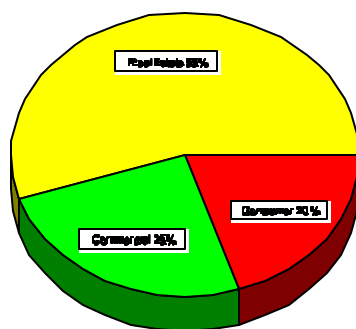
SMALL INSTITUTION ASSESSMENT CRITERIA	CAROLINA COMMUNITY BANK PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received.		

**DESCRIPTION OF INSTITUTION**

Headquartered in Latta, South Carolina, Carolina Community Bank serves the communities within and adjacent to Dillon County in South Carolina. In addition to the main office in Latta, two branch offices are located in Dillon, South Carolina. The bank opened for business on November 1, 1995 and is a member of a one-bank holding company.

As of December 31, 1998 assets were \$51 million, with total deposits of \$43 million. Gross loans at \$32 million are originated primarily for 1-4 family residential and real estate lending purposes. There are no financial or legal impediments restricting the lending activities of the bank. The loan portfolio is comprised of the following:

### Loans Outstanding



### ASSESSMENT AREA

### DESCRIPTION OF

Carolina Community has defined its assessment area as 6 adjacent census tracts in Dillon County in South Carolina. The assessment area is not within a Metropolitan Statistical Area. The bank's assessment area meets the legal requirements of the regulation and does not arbitrarily exclude any low or moderate income areas.

Based on 1990 census figures, the census tracts breakdown is as follows:

	<u>Income</u>		<u>Households</u>	
	<i>number</i>	<i>percent</i>	<i>number</i>	<i>percent</i>
Low	0	0%	0	0%
Moderate	3	50%	5,038	51%
Middle	3	50%	4,874	49%
Upper	0	0%	0	0%

Population in the county as of year end 1998 is at approximately 29,000 according to the Dillon County Chamber of Commerce. This is unchanged since the 1990 census at 29,111. In 1998 deposits in county banks totaled \$211 million. As of 12/31/98 Carolina Community had total deposits of \$43 million which represents a 20% market share. Unemployment averaged 5.4% during 1998, and was at 7.3% as of year-end 1998. This was the 8th highest in the state of South Carolina out of 46 counties reporting. Business growth is slow particularly in high tech industries due to the lack of a skilled labor force. Major industries include textile/yarn, light manufacturing, tourism and agriculture.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

**Loan to Deposit Ratio**

The average loan-to-deposit ratio for the period from December 31, 1996 to December 31, 1998 at 73% is reasonable and has averaged slightly above peer bank level. This is slightly higher than the average loan to deposit ratio of 70% calculated during the previous CRA Evaluation period in 1996.

**Lending in the Assessment Area**

A substantial majority of the bank's lending is within its defined assessment area. Our review indicated the bank exceeds the standards for satisfactory performance with 86% of the number of loans, and 87% of total loan dollars originated within the assessment area.

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

Lending to borrowers of various income levels and business revenue sizes was reasonable and showed good penetration of all income levels. A majority of the number of loans reviewed were originated to low and moderate income borrowers. Loan dollars were found to be higher to upper income borrowers as the size of the loans were greater. To evaluate lending to borrowers of different incomes, a sample of 30 consumer loans were reviewed. A summary of findings is provided in the following chart:

Individual Income Level	Assessment Area Composition	Number of Loans		Loan Dollars (\$000)	
		<i>number</i>	<i>percentage</i>	<i>amount</i>	<i>percentage</i>
Low	0%	7	23%	\$ 19	6%
Moderate	50%	11	37%	42	13%
Middle	50%	8	27%	87	27%
Upper	0%	4	13%	169	53%

This loan distribution is reasonable compared to the composition of the assessment area. The 1998 HUD

Updated MSA Median Family Income level of \$35,900 was used.

Lending to businesses of various sizes was found to be reasonable. A sample of 12 commercial loans to different borrowers was reviewed. Loans in the amounts from \$8,000 to \$375,000 were made to businesses of different sizes for various purposes. The majority of the bank's commercial loans are to small businesses with less than \$1 million in revenues.

### **Geographic Distribution of Loans**

Distribution of credit throughout the various census tracts within the bank's assessment area was found to be reasonable. Geographic distribution was tested using a sample of all loans originated within the assessment area using bank prepared zip code tracking. Results indicated the following:

<i>Census Tract</i>	<i>Assessment Area Composition</i>	<i>Number of Loans</i>	<i>Dollar Amount of Loans</i>
<i>Low</i>	0%	0%	0%
<i>Moderate</i>	50%	85%	83%
<i>Middle</i>	50%	15%	17%
<i>Upper</i>	0%	0%	0%

### **Review of Complaints**

The bank has received no CRA complaints.

### **Other**

Our fair lending review disclosed no violations of the substantive provisions of anti-discrimination laws and regulations.