

PUBLIC DISCLOSURE

FEBRUARY 9, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**THE BANK OF ABBEVILLE
CERTIFICATE NUMBER: 26964-6**

**203 SOUTH MAIN STREET
ABBEVILLE, SOUTH CAROLINA 29620**

**Federal Deposit Insurance Corporation
One Atlantic Center, Suite 1600
1201 West Peachtree Street, N.E.
Atlanta, Georgia 30303-3449**

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.

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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 **The Bank of Abbeville, Abbeville, South Carolina** prepared by the Federal Deposit Insurance Corporation, the institution's supervisory agency, as of **February 9, 1998**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Outstanding** based on the following information:

- ***Loan-to-Deposit Ratio Analysis*** - The bank's average net loan-to-deposit ratio is more than reasonable given its asset size, financial condition, local competition, and assessment area credit needs.
- ***Lending in Assessment Area*** - The bank has an excellent record of lending within its assessment area. Based on a random sample of loans, a substantial majority of loan originations during the 12 months ending January 31, 1998, were within the bank's assessment area.
- ***Lending to Borrowers of Different Incomes*** - The bank has an excellent penetration of loans to borrowers of different income levels.
- ***Geographic Distribution of Loans*** - The bank's lending to different income geographies within its assessment area reflects satisfactory dispersion.
- ***Response to Complaints*** - The bank has not received any CRA-related complaints since the last evaluation.

Detailed analysis of all above noted areas is discussed in the following sections of this Community Reinvestment Act Performance Evaluation.

DESCRIPTION OF INSTITUTION

The Bank of Abbeville, a locally owned institution which has been in operation since 1987, supports the development of economic revitalization and growth within Abbeville County, the bank's assessment area, consistent with its size, financial capacity, location, and local economic conditions. The bank's one office is located in southeastern Abbeville County, in downtown Abbeville. Abbeville is located in rural western South Carolina, 90 miles northwest of Columbia and 60 miles south of the Greenville-Spartanburg area. The bank has no branches or automated teller machines; however, the bank does offer its customers an ATM card for use at nonproprietary machines. It is not located in a Metropolitan Statistical Area (MSA).

The bank is a wholly owned subsidiary of Abbeville Capital Corporation, Abbeville, South Carolina, a one-bank holding company, established in July 1997.

The Bank of Abbeville had \$54,665,000 in total assets as of evaluation date. A review of the bank's loan portfolio reflects management's efforts to meet the credit needs of its community, as evidenced by the numerous conventional credits extended for housing, consumer, and business purposes. The following table reflects the bank's loan portfolio composition, by dollar volume, as of September 30, 1997. The bank's primary lending focus, by dollar volume, is one-to-four family residential loans, followed by consumer lending.

Types Of Loans	\$ Volume	% of Gross Loans
Secured by 1-4 Residential Properties	11,768,000	40%
Loans to Individuals	10,297,000	35%
Secured by Nonfarm, Nonresidential Properties	5,884,000	20%
Commercial & Industrial Loans	589,000	2%
All Other Loans	883,000	3%
Total Loans	\$29,421,000	100%

DESCRIPTION OF ABBEVILLE COUNTY

The bank's assessment area is designated as all of Abbeville County. The assessment area is considered reasonable and does not exclude any low- and moderate-income areas that the bank would be expected to serve.

Abbeville County, one of the oldest counties in the State, was formed in 1785 and contains many historic sites which attract visitors to this area. It is located in western South Carolina and borders the state of Georgia. Based on 1990 U.S. Census data, the county's population was 23,862, while current unofficial estimates, at 24,314, are only slightly higher. The town of Abbeville is the county seat and largest of the six towns and communities within Abbeville County. The towns of Calhoun Falls, Due West, Donalds, Lowndesville, and Antreville comprise the remaining communities within the county.

The 1990 unemployment rate for Abbeville County, at 6.3 percent, was higher than the overall rate of 4.8 percent for South Carolina, a difference which has continued throughout the 1990s. Most recent annual figures reflect a 1996 unemployment rate of 6.7 percent for Abbeville County and 6.0 percent for the state. Manufacturing represents the largest employment sector, providing more than 40 percent of total employment. South Carolina Manufacturers Register for 1997 lists 39 manufacturers in Abbeville County with employees ranging in number from 500 to 1. Two of the larger manufacturers, by number of employees, are QTI Sports, Inc., Abbeville, which produces golf towels and afghans (500 employees) and Westpoint Stevens, Inc., Calhoun Falls, which produces bed sheets (400 employees). The Abbeville County School District is also a significant area employer.

The table on the following page details the six geographical areas, or Block Numbering Areas (BNAs), which comprise the bank's assessment area. The northern portion of the town of Abbeville (1990 population*: 5,778) is located in BNA 9504 and the southern portion of Abbeville is located in BNA 9505. The town of Donalds (* 326) is located in BNA 9501, the town of Due West (* 1,220) is located in BNA 9502, the town of Lowndesville (* 162) is located in BNA 9503, and the town of Calhoun Falls (* 2,308) is located in BNA 9506.

The table also details 1990 population and 1990 Median Family Income (MFI) figures for each BNA. MFI figures for BNAs are each shown as a percentage of the 1990 U.S. Census Nonmetropolitan (Non-MSA) MFI for the State of South Carolina of \$26,904.

DESCRIPTION OF ABBEVILLE COUNTY (Continued)

BNA	Population	1990 MFI	Percentage of Non-MSA MFI	Income Category
9501	3,165	\$25,529	94%	Middle
9502	3,424	27,052	110%	Middle
9503	2,640	21,774	103%	Middle
9504	5,887	27,312	119%	Middle
9505	5,419	18,987	103%	Middle
9506	3,327	19,508	90%	Middle
Abbeville County	23,862	23,170		

The information in the above table reveals that the bank is comprised of six middle-income BNAs. Geographical areas are classified as low-, moderate-, middle-, or upper-income areas based on the income characteristics of the people living within the areas. CRA regulations provide the following income level definitions:

- **Low-Income:** Median family income less than 50 percent of the 1990 U.S. Census Non-MSA MFI for the State of South Carolina.
- **Moderate Income:** Median family income of at least 50 percent but less than 80 percent of the 1990 U.S. Census Non-MSA MFI for the State of South Carolina.
- **Middle Income:** Median family income of at least 80 percent but less than 120 percent of the 1990 U.S. Census Non-MSA MFI for the State of South Carolina.
- **Upper Income:** Median family income equal to or greater than 120 percent of the 1990 U.S. Census Non-MSA MFI for the State of South Carolina.

DESCRIPTION OF ABBEVILLE COUNTY (Continued)

The following table details the number of BNAs, as well as the percent of the number of BNAs, within the bank's assessment area in each income category. The table also details the number of families and the percentage of the number of families within each respective income category that reside within the assessment area.

Income Categories	Number of BNAs in AA	Percent of Total BNAs in AA	Number of AA Families in Income Category	Percent of Total Families in AA
Low-Income	0	0%	1,299	20%
Moderate-Income	0	0%	1,069	16%
Middle-Income	6	100%	1,470	22%
Upper-Income	0	0%	2,785	42%
Total	6	100%	6,623	100%

AA = Assessment Area

As previously noted, all BNAs which comprise the bank's assessment area are in the middle income category. However, while none of the BNAs are classified as low- or moderate-income, 20 percent of total families within the assessment area are classified as low-income families and 16 percent are classified as moderate-income families. Further, while none of the BNAs are in the upper-income category, upper-income families constitute the largest percentage (42 percent) of families within the assessment area.

The following table details 1990 housing characteristics for Abbeville County:

BNA	Total Housing Units	Owner-Occupied Units	Rental Units	Vacant Housing Units	Median Housing Value	Median Gross Rent
9501	1,303	983	226	94	\$40,900	\$242
9502	1,185	901	189	95	\$45,900	\$274
9503	1,411	893	125	393	\$43,200	\$208
9504	2,318	1,791	367	160	\$50,900	\$295
9505	2,279	1,477	610	192	\$43,300	\$212
9506	1,350	990	228	132	\$31,200	\$211
Abbeville Co.	9,846	7,035	1,745	1,066	\$43,030	\$242

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio Analysis

The bank's lending performance, as measured by its average net loan-to-deposit ratio of 76.1 percent, exceeds standards for satisfactory performance. The average net loan-to-deposit ratio was calculated by averaging the net loan-to-deposit ratios for each quarter since the prior CRA evaluation of November 4, 1994.

The bank operates in a very competitive banking environment. In addition to The Bank of Abbeville, the following financial institutions operate within Abbeville County: Abbeville Savings and Loan Association; two branches of Carolina First, Greenville, South Carolina; two branches of First Citizens Bank and Trust Company of South Carolina, Columbia, South Carolina; two branches of Commercial Bank, Honea Path, South Carolina; a branch of NationsBank, N.A., Charlotte, North Carolina; and two credit unions. Including subject bank, seven institutions or branches of institutions operate directly within the Town of Abbeville. Lastly, The Bank of Abbeville is primarily a consumer lender, and several finance companies are located in the Town of Abbeville and the surrounding area, which directly compete for consumer loans, particularly small dollar loans from lower-income individuals.

Despite the large number of competitors, none are considered to be similarly situated; therefore, no comparative loan-to-deposit ratio analysis was performed. Considering the bank's size, financial condition, local economic factors, local competition, and average loan-to-deposit ratio, management's lending performance reflects a responsiveness to area credit needs which is more than satisfactory.

Sampling Information

Loans were randomly sampled to determine the bank's loan volume within Abbeville County and loans to borrowers of differing incomes. A loan activity report of all loans originated during the 12-month period ending January 31, 1998, was used to select the sample. An analysis of these loans revealed that, by dollar volume, loans designated by the bank as consumer loans originated totaled \$3,836,000, representing 25 percent of the total \$15,537,000 loans originated during this period. In addition, 617 or 56 percent of the 1,100 loans originated during this period were for consumer purposes. A review of the composition of the bank's loan portfolio indicates that one-to-four family residential loans represent a significant dollar volume of the bank's loan portfolio. However, a further review of these loans revealed that many of these loans are for consumer purposes and not for the purchase or refinance of a dwelling. Accordingly, consumer loans were selected to be sampled as the major product line of the bank. The sample size was 95 loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Lending in Assessment Area

The bank has an excellent record of lending within its assessment area. Based on the random sample of consumer loans, it was determined that a substantial majority of loans are located within the bank's assessment area. An analysis of assessment area lending is illustrated in the following table.

Consumer Loans	\$ Volume	\$ Volume (%)	# of Loans	# of Loans (%)
Inside the Assessment Area	\$473,614	90%	89	94%
Outside the Assessment Area	\$52,090	10%	6	6%
Total	\$525,704	100%	95	100%

As noted in the preceding table, 90 percent of sampled consumer loans by dollar volume and 94 percent by number are to borrowers located within the bank's assessment area.

Lending to Borrowers of Different Incomes

Given the demographics of the assessment area, the distribution of loans reflects excellent penetration among individuals of different income levels, particularly low- and moderate-income individuals. Consumer loans sampled during the examination were further analyzed to determine the bank's lending performance to borrowers of different income levels. Ninety-seven percent of sampled loans contained borrower income information. Presented in the table on the following page is information obtained from the analysis of these loans containing borrower income information. Defined below are income categories used in the analysis, based on the Department of Housing and Urban Development's adjusted 1997 Non-MSA MFI for the State of South Carolina of \$34,700.

- **Low-Income:** Median family income less than 50 percent of the estimated 1997 Non-MSA MFI for the State of South Carolina.
- **Moderate-Income:** Median family income at least 50 percent but less than 80 percent of the estimated 1997 Non-MSA MFI for the State of South Carolina.
- **Middle-Income:** Median family income at least 80 percent but less than 120 percent of the estimated 1997 Non-MSA MFI for the State of South Carolina.
- **Upper-Income:** Median family income equal to and greater than 120 percent of the estimated 1997 Non-MSA MFI for the State of South Carolina.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Income Categories	Percent of Total Families in Assessment Area	Percent of Originations By Dollar Volume	Percent of Originations By Number of Loans
Low-Income	20%	23%	26%
Moderate-Income	16%	35%	36%
Middle-Income	22%	31%	27%
Upper-Income	42%	10%	11%
Total	100%	100%	100%

As detailed in the preceding table, consumer loans are distributed among borrowers of all income levels; however, a concentration of originations is revealed to low- and moderate-income individuals, in both dollar volume and the number of loans. Further, as previously noted, 20 percent of families within the bank’s assessment are low-income families and 16 percent are moderate-income families; however, the bank’s originations to low- and moderate-income borrowers exceed these percentages in both number and dollar volume of loans. Consequently, the bank has demonstrated excellent responsiveness to the credit needs of low- to moderate-income individuals within the assessment area.

Geographic Distribution of Loans

As described in the section entitled “Description of Abbeville County”, the assessment area is comprised of five middle-income BNAs. Due to the uniformity of the assessment area and the lack of low- and moderate-income geographies, a geographic distribution analysis was not performed.

Response to Complaints

The bank has not received any CRA-related complaints since the last evaluation.