

# **PUBLIC DISCLOSURE**

**September 13, 2004**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**People's Community Bank of South Carolina  
Certificate Number: 34529**

**125 Park Avenue, Southwest  
Aiken, South Carolina 29801**

**Federal Deposit Insurance Corporation  
Division of Supervision and Consumer Protection  
10 Tenth Street, NE, Suite 800  
Atlanta, Georgia 30309**

**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 **People's Community Bank of South Carolina, Aiken, South Carolina**, prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **September 13, 2004**. 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:** The institution is rated Satisfactory.

The bank's CRA performance depicts a satisfactory practice of providing for the credit needs of its assessment area. The rating is supported by the following.

- ***Lending in Assessment Area*** – The bank has achieved a satisfactory record of lending within its assessment area. A majority of the HMDA and business loans analyzed during the evaluation period were originated to consumers residing and business entities located within the assessment area.
- ***Lending to Borrowers of Different Incomes and Businesses of Different Sizes*** – Based on the HMDA loans analyzed, the bank has achieved a satisfactory penetration among low-and-moderate-income level borrowers within the assessment area. Additionally, the business loan sample indicates a good penetration among small business entities.
- ***Geographic Distribution of Loans*** – The bank has achieved a good geographic distribution for the HMDA loans analyzed and a satisfactory distribution for the business loans sampled relative to the various income level census tracts situated within the assessment area.
- ***Loan to Deposit Ratio*** – The bank's average net loan-to-deposit ratio is considered reasonable relative to its asset size, financial condition, local competition, assessment area credit needs, and local loan demand.
- ***Response to Complaints*** – The bank has not received any CRA related complaints since the previous evaluation dated August 18, 1999.

## DESCRIPTION OF INSTITUTION

Peoples Community Bank of South Carolina, Aiken, South Carolina is a state-chartered bank with \$122,532,378 in total assets and \$78,156,536 in gross loans as of September 13, 2004. The main office is located in Aiken, South Carolina. The institution operates a full service branch in Aiken as well as an additional branch in nearby North Augusta, South Carolina. Additionally, the bank operates a commercial real estate loan production office which it opened June 23, 2003. The bank owns and operates two automated teller machines (ATMs). One of the ATMs is located at the North August branch while the other is located at the main office. The institution is owned by People's Community Capital Corporation, Aiken, South Carolina, a one-bank holding company.

Since the previous CRA evaluation conducted as of August 18, 1999, the institution has experienced aggregate asset growth of approximately 157 percent, primarily in the form of loan growth. This type of growth is not uncommon for an institution that has been open for a similar time period. Peoples Community Bank of South Carolina opened for business on September 22, 1997. The institution offers a wide range of deposit and loan products to help meet the credit needs of consumers as well as businesses. Additionally, the institution provides for the credit needs of its assessment area in a manner consistent with its size, financial capacity, location, resources, and local economic conditions. The bank is reasonably accessible to all segments of its assessment area, with accommodating hours and banking services provided.

The bank's major competitors within its assessment area include Bank of America, Wachovia Bank, First Citizens Bank and Trust Company of South Carolina, Carolina First, and Security Federal Bank. Additionally, there are numerous small finance and loan companies operating locally that provide competition for the bank.

The bank's lending focus continues to be multi-faceted, with a strong emphasis on commercial and business lending. Table 1 provides a breakdown of the bank's loan portfolio by loan type, according to the June 30, 2004, Consolidated Report of Condition and Income (Call Report). Aside from strong growth in each loan category, the bank's portfolio composition or product mix has not changed materially since the previous CRA evaluation.

## DESCRIPTION OF INSTITUTION (continued)

**Table 1 - Loan Distribution as of June 30, 2004**

Loan Type	Dollar Amount (000s)	Percent of Total Loans
Construction and Land Development	\$14,000	19.4%
Secured by Farmland	\$269	0.4%
Revolving open-end Residential 1-4	\$9,721	13.5%
First Lien Residential 1-4	\$10,053	13.9%
Junior Lien Residential 1-4	\$85	0.1%
Multi-Family (5 or more) Residential	\$0	0.0%
Nonfarm/Nonresidential	\$27,834	38.5%
Total Real Estate Loans	\$61,962	85.8%
Commercial and Industrial	\$8,366	11.6%
Agricultural	0	0.0%
Consumer	\$1,945	2.7%
Credit Cards	\$0	0.0%
Other Revolving Credit Plans	\$93	0.1%
Obligations of states and political subdivisions in the U.S.	\$0	0.0%
Other Loans	\$32	0.0%
Lease Financing Receivables	\$0	0.0%
Less: Unearned Income	\$189	0.2%
<b>Total Loans</b>	<b>\$72,209</b>	<b>100.0%</b>

Source: Consolidated Report of Condition and Income – June 30, 2004

## DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area includes a large portion of Aiken County, South Carolina (23 census tracts) as well as a portion of Edgefield County, South Carolina (1 census tract). Both of these counties are components of the Augusta-Richmond County, multi-state, Metropolitan Statistical Area (MSA), though the bank's assessment area does not include any of the Georgia geographies. The twenty-four census tracts that currently represent the bank's assessment area include four moderate-income census tracts, fourteen middle-income tracts, and six upper-income tracts. There are no low-income census tracts situated within the assessment area.

The economy within the Augusta-Richmond County MSA has begun to show some improvement in recent months. Manufacturing employment has begun to stabilize and service-producing industries have been rebounding. However, the unemployment rate of the metro area at 4.8 percent has nonetheless risen slightly recently, as regional labor markets have failed to absorb even modest expansion in the labor force. Notwithstanding this slight increase in the unemployment rate, the economy of the MSA is considered stable and is comprised of an extensive base of manufacturers, a core of technology-based employers, and an expanding services sector.

The large government presence within the MSA continues to be viewed as a stabilizing force for the area. The global war on terrorism is favoring the U.S. Army's Fort Gordon, which currently employs approximately 17,400 military and civilian workers. Recently announced plans to bring the army's Security Operations Center to the post is a positive indication of the importance of Fort Gordon, particularly as more base closures are contemplated in the future. Additionally, the MSA benefits from several large medical establishments as seven of the top ten employers in the metro area are medical or related facilities. This sector should continue to see growth as the MSA's share of retirement age population increases and as new synergies emerge from within the large medical community. For example, the Medical College of Georgia has recently announced plans to build a \$54 million cancer center that will create an estimated 175 jobs, including highly paid research positions.

Top employers within Aiken County include the Department of Energy's Savannah River Site (12,000 employees), Emerson Electric, Kimberly Clark Corporation, Avondale Mills, and Pepperidge Farms. Also within the county, there are a number of public, private, and independent schools reflecting a commitment toward academics, which in turn, provide numerous employment opportunities. Aiken, South Carolina is home to University of South Carolina, Aiken Technical College, and Rose Hill College.

*Money Magazine* recently named Aiken, South Carolina as one of the top ten places to retire, citing its moderate climate, selection of housing, cultural environment, golf courses, and excellent health care system among its favorable factors. Low hospital costs, advanced

## DESCRIPTION OF ASSESSMENT AREA (continued)

technology, and community support are the primary attributes to be recognized with regard to the healthcare system.

In 2003, the estimated population of the county was 146,736, which represents a 2.9 percent increase from the prior year. The median family income of the county during the year was \$37,889, slightly higher than the state average of \$37,082. Homeownership within Aiken County during 2003 was 75.6 percent compared to the state average of 72.2 percent. The median housing value in the county at \$87,600 is lower than the state average of \$94,900. There were 908 housing permits issued during 2003 which represents a steady increase from the prior year.

A portion of Edgefield County is also included within the assessment area. Edgefield County is adjacent to Aiken County and is located in the southwest corner of South Carolina. Similar to Aiken County, manufacturing continues to be the dominant employer within the county. Mount Vernon Mills, Inc. is the leading employer with approximately 450 employees. Other top employers within Edgefield County include Milliken & Company, Beacon Filtration, and Delta Appliance Company. The estimated population of the county during 2003 was 24,703, which represents a small 0.4 percent increase from the prior year. The median family income for the county at \$35,146 is lower than the state average of \$37,082. Homeownership in Edgefield County at 80.5 percent is higher than the state average of 72.2 percent. The median housing value in the county is \$83,400, which is somewhat below the state average of \$94,900. There were 113 housing permits issued during 2003 which represents a positive increase from year 2002.

Table 2 provides additional demographic information specific to the bank's delineated assessment area that was utilized during the development of the bank's performance context. The table provides relevant assessment area housing characteristics according to the income level of census tracts.

Geographic Income Category	Percentage						Median		
	Census Tracts	Families	Housing Units	Owner-Occupied	Rental Units	Vacant Units	Age *	Home Value*	Gross Rent**
Low	---	---	---	---	---	---	---	---	---
Moderate	16.7%	13.2%	14.7%	11.9%	21.9%	18.2%	29	\$58,592	\$416
Middle	58.3%	63.4%	64.3%	64.7%	60.9%	68.8%	26	\$73,956	\$463
Upper	25.0%	23.4%	21.0%	23.4%	17.2%	13.0%	19	\$123,592	\$589
Total / Median	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	24	\$86,589	\$474

Source: 2000 U.S. Census data, \* - Owner-Occupied Units, \*\* - Renter-Occupied Unit

Table 3 below provides demographic data pertaining to the bank's assessment area relative to county population, number of families, and number of families below the poverty level. The

## DESCRIPTION OF ASSESSMENT AREA (continued)

information is broken down according to the various income geographies comprising the bank's assessment area and was also considered in developing the bank's performance context.

**Table 3 – Population, Families, and Families Below the Poverty Level within Assessment Area**

Census Tracts	Number of Families	Percentage of Number of Families	Total Population	Percentage of Total Population	Families Below Poverty Level	Percentage of Families Below Poverty Level By Tract
Low (0 CTs)	---	---	---	---	---	---
Moderate (4 CTs)	5,106	13.2%	20,197	14.5%	1,062	26.9%
Middle (14 CTs)	24,495	63.4%	88,542	63.6%	2,489	63.2%
Upper (6 CTs)	9,042	23.4%	30,514	21.9%	390	9.9%
TOTAL S	38,643	100.0%	139,253	100.0%	3,941	100.0%

Source: 2000 Census Data

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

The evaluation consists of an analysis of the institution's HMDA reportable loans originated during year 2003 and YTD 2004 (through July 19, 2004). For both years combined, the bank's HMDA loans total 49 by number and \$4,830,000 according to dollar volume. Please note that year 2002 HMDA data was not included in the analysis, though a cursory review of same revealed lending patterns similar to the HMDA data that was included in the analysis. A sample of 31 business loans totaling \$3,913,392 originated between January 1, 2004, and June 30, 2004, was analyzed during the review. For this six month period, the universe of business loans consisted of 100 loan originations totaling \$14,410,832. The bank's primary lending focus includes commercial and business lending and to a lesser extent residential 1-4 lending. Farm loans were not analyzed due to the limited volume relative to all other originations.

### **Lending in Assessment Area**

The bank's overall record of lending within the assessment area is considered satisfactory. Regarding the HMDA loan originations analyzed, 89.8 percent by number and 75.1 percent by dollar volume were originated locally during the analysis period. The percentage of loan originations within the assessment area was reasonably strong not only during 2003, but through YTD 2004 as well, which indicates consistency during the evaluation period. For the institution's business loans, 67.7 percent by number and 52.1 percent by dollar volume was originated within the bank's assessment area during the sample period. Though not considered particularly strong, the distribution of business loans within the assessment is nonetheless considered reasonable inasmuch as the majority of originations were local. Please refer to Table 4 for a recap of the bank's lending distribution for both loan categories reviewed. The bank's satisfactory percentage of lending within the assessment area is viewed as a barometer of its responsiveness in meeting the credit needs of the individuals and families residing within the area as well as the businesses operating locally, commensurate with area loan demand. Loan demand within the assessment area is characterized as reasonably strong by management, amidst strong local competition.

## CONCLUSIONS (continued)

Table 4 – Combined Distribution of Loans Inside and Outside of Assessment Areas										
Loan Category or Type	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total \$
	#	%	#	%		\$(000s)	%	\$(000s)	%	
<b>HMDA Loans-2003 subtotal</b>	28	84.9%	5	15.1%	33	\$2,628	68.6%	\$1,201	31.4%	\$3,829
<b>HMDA Loans-YTD 2004 subtotal</b>	16	100.0%	0	0.0%	16	\$1,001	100.0%	\$0	0.0%	\$1,001
<b>Subtotal</b>	<b>44</b>	<b>89.8%</b>	<b>5</b>	<b>10.2%</b>	<b>49</b>	<b>\$3,629</b>	<b>75.1%</b>	<b>\$1,201</b>	<b>24.9%</b>	<b>\$4,830</b>
<b>Business Loans-2004 Sample</b>	21	67.7%	10	32.3%	31	\$2,038	52.1%	\$1,875	47.9%	\$3,913
<b>Total</b>	<b>65</b>	<b>81.3%</b>	<b>15</b>	<b>18.7%</b>	<b>80</b>	<b>\$5,667</b>	<b>64.8%</b>	<b>\$3,076</b>	<b>35.2%</b>	<b>\$8,743</b>

Source: 2003 and YTD 2004 HMDA data and bank records.

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

Median Family Income (MFI) is established for metropolitan and non-metropolitan areas of each state based on estimates by the U. S. Department of Housing and Urban Development (HUD). The percentage of each respective MFI is then calculated to determine the income category for each family in the census tract. Table 5 provides the MFI stratification for the Augusta-Richmond County MSA for years 2003 and year 2004. The corresponding income levels were utilized during the analysis.

**Table 5 – Median Family Income Stratification**

INCOME LEVEL	2003 MFI = \$51,000	2004 MFI = \$51,700
<b>Low</b> Less than 50% of MFI	\$0 - <\$25,500	\$0 - <\$25,850
<b>Moderate</b> =50% <80% of MFI	\$25,500 - <\$40,800	\$25,850 - <\$41,360
<b>Middle</b> =80% <120% of MFI	\$40,800 - <\$61,200	\$41,360 - <\$62,040
<b>Upper</b> =>120% of MFI	\$60,000 and greater	\$62,040 and greater

Source: U.S. Department of Housing and Urban Development

### **HMDA Loans**

Tables 6 and 7 reflect the bank's lending distribution for year 2003 and YTD 2004 HMDA loans, according to income level of borrower. Please note that the tables only include loans made within the

bank's assessment area for which income information was available. The distribution of HMDA loans according to income level of borrower is considered reasonable. For 2003 as

### **CONCLUSIONS (continued)**

well as YTD 2004, the bank's level of lending (by number) is comparable to the percentage of low-and-moderate-income families residing within the assessment area. In terms of number of originations, the percentage of originations to low-income individuals lagged this demographic benchmark while the percentage of originations among moderate-income families slightly exceeded demographics. Likewise, based on dollar volume, the level of lending to low-and-moderate-income level borrowers was comparable to, though slightly below, the percentage of low-and-moderate-income families residing within the assessment area. When considering the bank's loan penetration relative to income level of borrower, it bears significance that 49.2 percent of the low-income families residing within the assessment area are considered below the poverty level with regard to income. Such low income levels among families often translates into limited lending opportunities for a bank, which in turn, can negatively influence lending penetration according to borrower income level. This demographic factor notwithstanding, the bank has maintained a reasonable lending penetration among low-and-moderate-income level borrowers.

**Table 6 – Distribution of HMDA Loans by Income Level of Borrower**

Median Family Income Level	Total Families		2003		YTD 2004		Total	
	#	%	#	%	#	%	#	%
<b>Low</b>	8,119	21.0%	3	12.5%	1	11.1%	4	12.1%
<b>Moderate</b>	6,175	16.0%	5	20.8%	1	11.1%	6	18.3%
<b>Middle</b>	8,021	20.8%	3	12.5%	1	11.1%	4	12.1%
<b>Upper</b>	16,328	42.2%	13	54.2%	6	66.7%	19	57.5%
<b>Total</b>	<b>38,643</b>	<b>100.0%</b>	<b>24</b>	<b>100.0%</b>	<b>9</b>	<b>100.0%</b>	<b>33</b>	<b>100.0%</b>

*Source: 2000 U.S. Census and 2003 and YTD 2004 HMDA data*

**Table 7 – Distribution of HMDA Loans by Income Level of Borrower**

Median Family Income Level	Total Families		2003		YTD 2004		Total	
	#	%	\$(000s)	%	\$(000s)	%	\$(000s)	%
<b>Low</b>	8,119	21.0%	\$56	2.5%	\$36	6.9%	\$92	3.4%
<b>Moderate</b>	6,175	16.0%	\$287	12.9%	\$20	3.8%	\$307	11.2%
<b>Middle</b>	8,021	20.8%	\$122	5.5%	\$56	10.7%	\$178	6.4%
<b>Upper</b>	16,328	42.2%	\$1,763	79.1%	\$413	78.6%	\$2,176	79.0%
<b>Total</b>	<b>38,643</b>	<b>100.0%</b>	<b>\$2,228</b>	<b>100.0%</b>	<b>\$525</b>	<b>100.0%</b>	<b>\$2,753</b>	<b>100.0%</b>

*Source: 2000 U.S. Census and 2003 and YTD 2004 HMDA data*

## **Business Loans**

Tables 8 and 9 illustrate the bank's distribution of business loans sampled, based on gross annual revenue of the businesses as well as actual size of the business loans. The tables include

**CONCLUSIONS (continued)**

only those loans originated within the assessment area. For purposes of the analysis, a small business is defined as a business entity having annual revenues (or sales) in an amount not greater than \$1 million. Based on the business loans sampled, the bank has demonstrated a good penetration among small business entities. During the sample period, 76.2 percent of the business loans originated by the bank (by number) were to small business entities, which is slightly above the percentage of businesses operating within the assessment area reporting revenues of \$1 million and less, i.e. 66.4 percent. However, it should be recognized that according to business geo-demographic data, 29.8 percent of the businesses operating within the assessment area (1,852 entities in all) did not report annual revenues. After discussions with management, it is believed that a considerable percentage of those businesses are also likely to be small business entities. Consequently, even though annual revenue data is not available for all businesses within the assessment area, the 66.4 percent point of reference regarding the number of small businesses is nonetheless useful for comparative purposes. With that in mind, the bank's lending performance for this loan category is viewed as good since a majority of the bank's business loan originations were to small business entities.

Table 9 provides a recap (number and dollar volume) of business loans originated by the bank during the sample period according to loan size. The largest concentration of loans sampled (i.e. 76.2 percent by number) were to small business entities with an original loan size in the range of \$100,000 and less. Moreover, the average loan size among the twenty-one loans analyzed in this distribution was \$126,238. A concentration of loan originations in this dollar range further validates the bank's responsiveness to the credit needs of the small business entities located within the assessment area and equates to an excellent penetration according to loan size.

**Table 8 - Distribution of Business Loans by Gross Annual Revenue of Business – 2004 Sample Period**

Gross Annual Revenues (000s)		<=\$1,000	>\$1,000	Revenues Not Reported	Total
<b>Business Distribution</b>	<b>Number</b>	4,125	238	1,852	6,215
	<b>Percent</b>	66.4%	3.8%	29.8%	100.0%
<b>Business Loans</b>	<b>Number</b>	16	5	---	21
	<b>Percent</b>	76.2%	23.8%	---	100.0%
	<b>Dollar (000s)</b>	\$1,033	\$1,044	---	\$2,077
	<b>Percent</b>	49.7%	50.3%	---	100.0%

*Source of Business Distribution: 2004 Business Geo-demographic Data and bank records.*

**Table 9 – Distribution of Small Business Loans by Loan Size – 2004 Sample Period**

Loan Size (000s)	Number of Loans	Percentage	Dollar Volume (000s)	Percent of Loans
<b>&lt;= \$100</b>	16	76.2%	\$672	33.0%

> \$100 but <=\$250	3	14.3%	\$531	26.0%
> \$250 but <=\$500	2	9.5%	\$835	41.0%
> \$500 but <=\$1,000	0	0.0%	\$0	0.0%
<b>Totals</b>	<b>21</b>	<b>100.0%</b>	<b>\$2,038</b>	<b>100.0%</b>

### **CONCLUSIONS (continued)**

#### **Geographic Distribution of Loans**

##### **HMDA Loans**

Tables 10 and 11 reflect the number and dollar amount of 2003 and YTD 2004 HMDA originations within the various income geographies comprising the bank's assessment area. Loans that were originated outside of the bank's assessment area were excluded from the analysis. Also, please note that two of the census tracts previously classified as moderate-income tracts were re-classified as middle-income tracts beginning in 2004. There were no low-income census tracts during 2003, nor are there any during 2004.

For 2003, the percentage of originations (by number) within the moderate-income census tracts at 34.6 percent appreciably exceeds the percentage of owner occupied housing units situated within those tracts, i.e. 20.4 percent. Moreover, the dollar volume of HMDA loan originations at 27.1 percent of total originations likewise exceed this demographic benchmark percentage. Such a distribution is indicative of excellent performance, particularly when considering that 17.5 percent of all families residing within the six moderate-income tracts per 2003 geo-demographic data were actually below the poverty level with regard to income.

For YTD 2004 HMDA loans, the percentage of originations (by number) within the moderate-income census tracts at 12.5 percent is commensurate with the percentage of owner occupied housing units situated within those tracts, i.e. 11.9 percent. Moreover, the dollar volume of HMDA loan originations within the moderate-income tracts at 9.0 percent of originations is comparable to, though slightly below assessment area demographics. Such a penetration is indicative of reasonable performance.

**Table 10 – Distribution of HMDA Loans by Income Category of Census Tract**

Census Tract Income Level	2000	Year 2003 HMDA Distribution			
	% of Owner Occupied Housing Units	#	%	\$(000s)	%
Low (0 CTs)	---	---	---	---	---
Moderate (6 CTs)	20.4%	9	34.6%	\$698	27.1%
Middle (12 CTs)	56.2%	10	38.5%	\$708	27.5%
Upper (6 CTs)	23.4%	7	26.9%	\$1,167	45.4%
<b>Total</b>	<b>100.0%</b>	<b>26</b>	<b>100.0%</b>	<b>\$2,573</b>	<b>100.0%</b>

Source: 2000 U. S. Census and 2003 HMDA data

## CONCLUSIONS (continued)

**Table 11 – Distribution of HMDA Loans by Income Category of Census Tract**

Census Tract Income Level	2000 % of Owner Occupied Housing Units	YTD 2004 HMDA Distribution			
	%	#	%	\$(000s)	%
Low (0 CTs)	---	---	---	---	---
Moderate (4 CTs)	11.9%	2	12.5%	\$90	9.0%
Middle (14 CTs)	64.7%	9	56.3%	\$637	63.6%
Upper (6 CTs)	23.4%	5	31.2%	\$274	27.4%
<b>Total</b>	<b>100.0%</b>	<b>16</b>	<b>100.0%</b>	<b>\$1,001</b>	<b>100.0%</b>

Source: 2000 U. S. Census and YTD 2004 HMDA data

### Business Loans

For the business loans sampled, the distribution of loans originated within the moderate-income tracts (by number) is adequate, given the competition in these areas, even though the percentage is somewhat below the percentage of businesses located within those tracts. Specifically, 22.6 percent of all businesses located within the assessment area are located within the four moderate-income tracts. By comparison, 9.5 percent of the business loans sampled (by number) were to business entities located within the moderate-income census tracts. The bank's dollar volume of business loan originations in the moderate-income tracts at 12.0 percent, likewise, is below the percentage of businesses located within those tracts. Considering that the bank's loan distribution based on the number of originations is adequate in light of the local distribution of businesses and competition and also considering the bank's focus on small business operators who often seek smaller dollar loans in comparison to larger entities, the bank's geographic distribution of business loans is considered reasonable and indicates adequate responsiveness in its business lending.

**Table 12 - Distribution of Business Loans by Income Category of Census Tract**

Income Level of BNA		Low	Moderate	Middle	Upper	Total	
Distribution of Businesses In Assessment Area	Number	N/A	1,402	3,472	1,341	6,215	
	Percent	N/A	22.6%	55.9%	21.5%	100.0%	
Business Loans	2004 Business Loan Sample	Number	N/A	2	17	2	21
		Percent	N/A	9.5%	81.0%	9.5%	100.0%
		Dollar (000s)	N/A	\$244	\$1,695	\$99	\$2,038
		Percent	N/A	12.0%	83.1%	4.9%	100.0%

*Source of Business Distribution: 2004 Business Geo-demographic Data and bank records.*

## **CONCLUSIONS (continued)**

### **Loan-to-Deposit Ratio**

People's Community Bank of South Carolina's average net loan-to-deposit (NLTD) ratio of 72.1 percent was calculated utilizing call report data for the period preceding the bank's previous CRA evaluation of August 18, 1999. The bank's most recent NLTD ratio was 67.7 percent as of June 30, 2004. Though the bank operates in an area comprised of numerous financial institutions, none were identified within or close to the assessment area that are considered similarly situated with regard to size and nature of operations to People's Community Bank of South Carolina. In fact, most of the institutions in the area are branches of large, regional institutions. Therefore, peer data derived from the Uniform Bank Performance Report (UBPR) was used as a NLTD benchmark for comparison purposes. The average NLTD ratio as of June 30, 2004, as derived from the UBPR is 78.8 percent. Though slightly below, Peoples Community Bank of South Carolina's ratio compares favorably to peer data, which is indicative of reasonable performance.

### **Response to Complaints**

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

### **Compliance with Anti-Discrimination Laws and Regulations**

No violations of the substantive provisions of the anti-discriminatory laws and regulations were identified during the evaluation.

## DEFINITIONS

### GEOGRAPHY TERMS

**Block:** Small areas bounded on all sides by visible features such as streets, roads, streams or rail road tracks, and invisible features like city or town boundaries or property lines. Blocks are subdivisions of census tracts or block numbering areas (BNA), and are assigned a unique three-digit number.

**Block Group:** Clusters of blocks within a census tract or BNA, having a four-digit number and a three-digit suffix. The four-digit number corresponds to the same number given to the census tract or BNA in which it is located.

**Block Numbering Areas (BNAs):** Statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

**Census Tract:** Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Metropolitan Area (MA):** One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

**Metropolitan Statistical Area (MSA):** One or more metropolitan areas that have economic and social ties.

**Primary Metropolitan Statistical Area (PMSA):** A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions

of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

**Consolidated Metropolitan Statistical Area (CMSA):** The larger area of which PMSAs are component parts.

### **GEOGRAPHY TERMS (continued)**

**Non-Metropolitan Area:** All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

**Rural Area:** Territories, populations and housing units that are not classified as urban.

### **HOUSING TERMS**

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

## **INCOME TERMS**

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

**HUD Adjusted Income Data:** The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

## **OTHER TERMS**

**Home Mortgage Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

### **OTHER TERMS (continued)**

**Small Business Loan:** A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts

of \$1 million or less and are either secured by non-farm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.