

PUBLIC DISCLOSURE

April 27, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Pamplico Bank and Trust Company

05451100

P.O. Box 2170

Pamplico, South Carolina 29583

Federal Reserve Bank of Richmond

P. O. Box 27622

Richmond, Virginia 23261

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 institutions 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 institutions record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Pamplico Bank and Trust Company, Pamplico, South Carolina, prepared by The Federal Reserve Bank of Richmond, the institutions supervisory agency, as of August 5, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 228.

INSTITUTIONS CRA RATING: This institution is rated Satisfactory.

The bank's loan-to-deposit ratio is considered reasonable given its financial capacity and demand for credit in the area. A significant majority of loans sampled during the examination were extended to borrowers residing within the assessment area, and the proportion of credit extensions provided to low- and moderate-income borrowers exceeds standards for satisfactory performance. The geographic distribution of loans throughout census tracts of varying income levels is considered reasonable given the bank's location.

DESCRIPTION OF INSTITUTION

Pamplico Bank and Trust Company is headquartered and operates two offices in the Town of Pamplico, South Carolina. The institutions main office is a full-service facility, and its branch office is a limited-service facility performing only deposit and check cashing functions. As of December 31, 1997, the bank had assets of approximately \$23 million, of which 38% were credit extensions. Various loan and deposit products are available through the institution including loans for residential mortgage, commercial, consumer, and agricultural purposes. The loan portfolio as of December 31, 1997, was comprised of 65% real estate secured (both commercial and consumer), 16% agricultural or commercial, and 19% consumer. Based on the number of loans extended during the previous 12 months, consumer unsecured and consumer secured loans were identified as principal credit products offered by the bank. Pamplico Bank and Trust Company received a satisfactory CRA rating at its previous evaluation.

DESCRIPTION OF ASSESSMENT AREA

Florence County, South Carolina, has been designated as the institutions assessment area and is situated in the northeast portion of the state. According to 1990 census data, the assessment area population is 114,344. The county is part of the Florence Metropolitan Statistical Area (MSA) and contains 29 census tracts. Of these census tracts, two are low-income, six are moderate-income, 13 are middle-income, and eight are upper-income. The two low-income geographies are located near the City of Florence, and the majority of moderate-income tracts surround Lake City. The Town of Pamplico is approximately 20 miles from both of these Cities.

The following table provides demographic information about Florence County regarding the income level of families and the percentage of population living within census tracts of different income levels.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	24%	16%	19%	41%	100%
Percentage of Population Residing in Census Tract by Tract Income Level	8%	23%	43%	26%	100%

The Town of Pamplico is relatively rural with a 1990 census count of 1,314 residents. The economy of the town is predominantly supported by agriculture. Tobacco and livestock production are the primary agrarian activities of the local farmers. Other area employers include Morris Lumber Company, AA Builders (truck body manufacturers), and Delta Mills (textile company). Although the nearby City of Florence and its environs are currently experiencing significant growth, local economic conditions are less stable in Pamplico due primarily to the weakened farming industry and lack of economic opportunity. Demand for banking services in the Town of Pamplico appears limited because of the town's low population and current economic conditions. As of March 1998, the unemployment rate for Florence County was 3%. The jobless rate for the state was 2%.

A community contact was made with a local government official during the examination to further assist in evaluating the bank's CRA performance. The contact indicated that local financial institutions are adequately meeting the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LOAN-TO-DEPOSIT RATIO

For a six-quarter period ending December 31, 1997, the quarterly average loan-to-deposit ratio for all banks headquartered in metropolitan areas of South Carolina and of similar asset size to Pamlico Bank and Trust Company ranged from 45% to 63%. The bank's average loan-to-deposit ratio for the previous six quarters is 46% and is considered reasonable given the institution's financial capacity, size, and current economic conditions.

LENDING IN ASSESSMENT AREA

To determine the institution's volume of lending within the assessment area, a sample of loans extended during the previous 12 months was reviewed. The sample consisted of 50 of a total of approximately 226 consumer unsecured loans and 48 of a total of 103 consumer secured loans. The chart below depicts the distribution of loans inside and outside the bank's assessment area.

Comparison of Credit Extended Inside and Outside of Assessment Area

	Inside Assessment Area	Outside Assessment Area	Total
Total Number of Loans	95	3	98
Percentage of Total Loans	97%	3%	100%
Total Amount of Loans (000's)	\$1,417	\$53	\$1,470
Percentage of Total Amount	96%	4%	100%

As illustrated above, a substantial majority of the number and dollar amounts of the sampled loans were provided to residents of the assessment area.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

A review of the sampled consumer unsecured (50) and consumer secured (45) loans within the assessment area was conducted to analyze borrower income characteristics. The following charts illustrate the distribution of these loans by income level of the borrower.

Distribution of Loans by Income Level of Borrower

Consumer Unsecured Loans

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	20	15	10	5	50
Percentage of Total Loans	40%	30%	20%	10%	100%
Total Amount of Loans (000's)	\$71	\$102	\$44	\$29	\$246
Percentage of Total Amount	29%	41%	18%	12%	100%

As illustrated by the chart, 70% of number and dollar amounts of the sampled consumer unsecured loans were extended to low- and moderate-income borrowers. This volume of lending greatly exceeds the percentage of such families (40%) within Florence County.

Consumer Secured Loans

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	9	11	15	10	45
Percentage of Total Loans	20%	25%	33%	22%	100%
Total Amount of Loans (000's)	\$94	\$213	\$237	\$626	\$1,170
Percentage of Total Amount	8%	18%	20%	54%	100%

The proportion of consumer secured loans provided to low- and moderate-income borrowers (45%) also exceeds the percentage of families (40%) residing within the assessment area.

The distribution of the consumer unsecured and secured loans to borrowers of different incomes is considered good and indicates a responsiveness to local credit needs.

GEOGRAPHIC DISTRIBUTION OF LOANS

The review of loan files also included an analysis of lending among census tracts within the assessment area. The following tables depict the distribution of the sampled consumer loans according to income level of the geography.

Distribution of Loans in Assessment Area by Income Level of Census Tract

Consumer Unsecured Loans

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	0	1	47	2	50
Percentage of Total Loans	0%	2%	94%	4%	100%
Total Amount of Loans (000's)	0	\$2	\$233	\$11	\$246
Percentage of Total Amount	0%	1%	95%	4%	100%

Consumer Secured Loans

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	0	2	43	0	45
Percentage of Total Loans	0%	4%	96%	0%	100%
Total Amount of Loans (000's)	\$0	\$24	\$1,146	\$0	\$1,170
Percentage of Total Loans	0%	2%	98%	0%	100%

As illustrated by the tables, the volume of lending within low- and moderate-income geographies (3%) is considerably lower than the percentage of the population residing in such tracts (31%). However, the geographic distribution of the sampled loans is a reflection of the institution's location relative to these low- and moderate-income tracts. The attached Appendix shows the census tracts within the bank's assessment area. As illustrated by the map, the two low-income census tracts and the majority of moderate-income tracts are not located in close proximity to the main office of the bank. Pamlico Bank and Trust Company is located in census tract 001800, and 77% of all sampled loans were extended to borrowers living within that particular census tract. Furthermore, a high poverty rate (31% of families) in the low- and moderate-income tracts suggests that effective loan demand may be low. Therefore, the geographic distribution of the bank's lending activity appears reasonable.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

No credit practices inconsistent with the substantive provisions of the fair housing and fair lending laws and regulations were identified. Deficiencies of Regulation ~~B~~ Equal Credit Opportunity Act and Regulation ~~C~~ Home Mortgage Disclosure Act were noted during the examination. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.