



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

November 10, 2008

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Peoples National Bank  
Charter Number: 21037

1800 East Main Street  
Easley, SC 29640

Office of the Comptroller of the Currency

ADC – Carolinas (Charlotte)  
212 South Tryon Street, Suite 700  
Charlotte, NC 28281

**NOTE:** This document is an evaluation of this 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. 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.

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

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

Major factors supporting the institution's ratings include:

- The bank's loan-to-deposit ratio is more than reasonable, averaging approximately 97 percent during the evaluation period.
- A substantial majority of the bank's loans were originated in the assessment area. Approximately 93 percent of number volume and 90 percent of dollar volume lending was to borrowers within the assessment area.
- The bank's distribution of loans to borrowers of different income (including low- and moderate-income) levels needs to improve. The bank's distribution of loans to business of different sizes, particularly to small businesses, is reasonable.
- The bank's distribution of loans to borrowers residing in different income (including low- and moderate-income) geographies is reasonable.
- There have been no complaints with respect to the bank's CRA performance.
- With consideration to the bank's inexperience as an Intermediate Small Bank, the bank's community development performance demonstrates adequate responsiveness to the community development needs of its assessment area.

## **Scope of Examination**

The Peoples National Bank (PNB) was evaluated under the Intermediate Small Bank examination procedures, which include a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its assessment areas (AAs) through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AAs through CD lending, qualified investments, and community development services.

The lending test for PNB covers its performance from January 1, 2006 through August 31, 2008, as this is representative of the bank's lending strategy since the last CRA examination. The evaluation period for the CD test is from July 1, 2004 through August 31, 2008.

PNB's primary loan products are residential (home purchase and home refinance) and business loans. The bank reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). The HMDA data was tested and found to be reliable. Therefore, HMDA data was used to evaluate the bank's home loan performance. To evaluate the bank's business lending performance, we selected a sample of business

loans originated between January 1, 2006 and August 31, 2008.

## **Description of Institution**

The Peoples National Bank (PNB) is an intrastate banking institution headquartered in Easley, South Carolina. PNB is wholly-owned by People's Bancorporation, Inc., a three bank holding company also headquartered in Easley, South Carolina. The bank commenced operations in August 1986 and currently operates six full-service banking locations. The Pendleton Street, East Main Street and Hampton Avenue branches are all located in Pickens County, within middle-income census tracts. The Hood Road branch is the only office located in Anderson County, and is the only branch located within an upper-income census tract. The remaining branches at Antrim Drive and Mills Avenue are located in Greenville County, residing in a middle-income census tract and a low-income census tract respectively. During this evaluation period, PNB has not been involved in any merger or acquisition activity.

Some of the major services which the bank provides include checking accounts; NOW accounts; savings and other time deposits of various types; daily repurchase agreements; alternative investment products such as annuities, mutual funds, and stocks and bonds; loans for business, agriculture, real estate, personal use, home improvement and automobiles; residential mortgage loan origination; credit cards; letters of credit; home equity lines of credit; safe deposit boxes; wire transfer services; Internet banking and the use of ATM facilities. The bank does not have trust powers. Additional information about branch locations, products, services and a schedule of fees is available at the bank's website: <http://www.bankpnb.com>.

As of June 30, 2008, assets totaled \$351 million. Loans represented the largest portion of assets at 79 percent and consisted of 33 percent construction and land development, 25 percent non-farm and non-residential, 24 percent residential real estate, 13 percent commercial and industrial, and 5 percent consumer loans/other. Agriculture loans represent less than one percent of the total loan portfolio. PNB offers a variety of lending programs with a primary focus on commercial and residential real estate lending.

There are no financial circumstances or legal impediments, other than legal lending limits, which would adversely impact the bank's ability to meet the credit needs of its' assessment area. PNB's rating at the preceding CRA examination, dated July 1, 2004, was "Satisfactory".

## **Description of Assessment Area(S)**

The People's National Bank has two assessment areas that include all census tracts in Greenville, Pickens and Anderson Counties for a total of 153 census tracts. The assessment areas are contiguous; however, they represent two different MSAs and cannot be combined for CRA analysis purposes. The main office is located in Pickens County which is a part of the Greenville MSA and is combined with Greenville County to form one assessment area. Five of the six branches are located in these two counties. The remaining branch is located in the northwest corner of Anderson County which makes up the entire Anderson MSA and constitutes the remaining assessment area. The Anderson County branch mainly serves the Greenville and Pickens area and does not receive many deposits from the majority of Anderson County.

Each assessment area is described in greater detail below. Both assessment areas meet the technical requirements of the CRA and do not arbitrarily exclude low- or moderate-income census tracts. There are no natural boundaries within the AA that hinder accessibility.

### **Greenville-Pickens County AA**

The Greenville-Pickens County assessment area (AA) is located in the northwestern region of SC, approximately halfway between Atlanta, Columbia and Charlotte along the I-85 corridor. The city of Greenville is the largest city within the assessment area. The census bureau estimates the 2008 population at 490,373 based on 2000 census data. Approximately 2 percent and 20 percent of the families within the assessment area reside in low and moderate income census tracts, respectively.

Primary employment includes manufacturing, government, health, retail and general services. The five largest employers in Greenville County are Greenville Hospital System, School District of Greenville County, Michelin North America Inc., Fluor Corporation and General Electric Company. The five largest employers for Pickens County are Clemson University, State of South Carolina, School District of Pickens County, Palmetto Baptist Medical Center and Confluence Watersports. As of September 30, 2008 the U.S. Department of Labor reported the unemployment rate for Pickens County to be 6.4 percent and Greenville County to be 6 percent. Refer to the table below for demographic and economic characteristics.

<b>Demographic and Economic Characteristics of Greenville and Pickens Counties</b>	
<b>Population</b>	
Total Population	490,373
Number of Families	131,280
Number of Households	191,041
% Owner-Occupied	63.36%
% Occupied Rentals	28.05%
% Vacant	8.59%
<b>Geographies</b>	
Number of Census Tracts	116
% Low-Income Census Tracts (5)	4.31%
% Moderate-Income Census Tracts (28)	24.14%
% Middle-Income Census Tracts (57)	49.14%
% Upper-Income Census Tracts (26)	22.41%
<b>Median Family Income (MFI)</b>	
2000 MFI for Assessment Area	\$50,932
2008 HUD Adjusted MFI for MSA	\$55,100
<b>Economic Indicators</b>	
Unemployment Rate- Greenville County	6.0%
Unemployment Rate- Pickens County	6.4%
2000 Median Housing Value	\$103,316
% of Households Below Poverty Level	11.45%

*Source: 2000 Census Data; U.S. Department of Labor dated September 2008*

Competition in the Greenville-Pickens County AA is strong and includes numerous financial services options. As of June 30, 2008, the Federal Deposit Insurance Corporation reported 35 financial institutions, with 204 offices, operating within the assessment area. The PNB ranks fourteenth in deposit market share with 1.74 percent of the assessment areas \$11.7 billion in deposits. Competition includes offices/branches of large, regional and local community banks.

A community contact characterized the business environment within the assessment area as strong. Growth in the area has increased the need for affordable housing for low- to moderate-income individuals and families. Financial needs include long term fixed rate funding for the development of affordable housing.

### **Anderson County AA**

Anderson County is located approximately halfway between Atlanta, Georgia and Charlotte, North Carolina, along U.S. Interstate 85 in South Carolina. The county is part of the Anderson MSA, formerly a part of the Greenville-Spartanburg-Anderson MSA. The change in metropolitan area designation occurred as a result of the 2000 census. The city of Anderson is the largest township in the county and the county seat. The census bureau estimates the 2008 population at 165,740 based on 2000 census data. Approximately 17 percent of the families within the assessment area reside in moderate-income census tracts. There are no low-income census tracts within the

assessment area.

The major industries in Anderson County include manufacturers of automotive parts, metal products, industrial machinery, plastics, publishing and textiles. The five largest employers in the county are AnMed Health, Anderson County School District, Electrolux Home Products, State of SC Budget and Control and Robert Bosch Corporation. As of September 2008, according to the U.S. Department of Labor, the unemployment rate for Anderson County was 7.4 percent. Refer to the table below for demographic and economic characteristics.

<b>Demographic and Economic Characteristics of Anderson County</b>	
<b>Population</b>	
Total Population	165,740
Number of Families	47,518
Number of Households	65,690
% Owner-Occupied	68.39%
% Occupied Rentals	21.28%
% Vacant	10.33%
<b>Geographies</b>	
Number of Census Tracts	34
% Low-Income Census Tracts (5)	0%
% Moderate-Income Census Tracts (24)	17.65%
% Middle-Income Census Tracts (38)	67.65%
% Upper-Income Census Tracts (23)	11.76%
<b>Median Family Income (MFI)</b>	
2000 MFI for Assessment Area	\$50,932
2008 HUD Adjusted MFI for MSA	\$55,100
<b>Economic Indicators</b>	
Unemployment Rate	7.1%
2000 Median Housing Value	\$103,316
% of Households Below Poverty Level	11.45%

*Source: 2000 Census Data; U.S. Department of Labor dated September 2008*

Competition in the Anderson County assessment area is strong and includes numerous financial services options. As of June 30, 2008, the Federal Deposit Insurance Corporation reported 21 financial institutions, with 64 offices, operating within the assessment area. The PNB ranks fifth in deposit market share with 7.51 percent of the assessment areas \$2.3 billion in deposits. Competition includes offices/branches of large, regional and local community banks.

A community contact characterized the business environment within the assessment area as strong. Growth in the area has increased the need for affordable housing for low- to moderate-income individuals and families. Financial needs include long term fixed rate funding for the development of affordable housing.

## **Conclusions with Respect to Performance Tests**

The bank's overall CRA performance is "Satisfactory." The Lending Test and Community Development Test are rated "Satisfactory". The loan-to-deposit ratio is more than reasonable, a substantial majority of loans were made within the two defined assessment areas, and the geographic distribution of loans exhibits reasonable dispersion. PNB's lending to borrowers of different incomes and businesses of different sizes needs improvement. Community development activities demonstrate adequate responsiveness to assessment area needs.

Greater emphasis was allocated to the bank's performance in the Greenville-Pickens County AA to determine a cumulative CRA performance rating. Pickens County is the bank's primary lending market and is home to three of the bank's six branches. The Anderson County AA generated enough lending activity during the evaluation period to merit a full scope review, approximately 24 percent of the analyzed data, but was deemphasized as the bank's market is isolated to the northern-most region of the county. Relatively high local poverty rates and inexperience as an Intermediate Small Bank were also considered, while determining the bank's performance context.

### **LENDING TEST**

PNB's performance under the Lending Test is rated "Satisfactory." The bank's net loan-to-deposit ratio is more than reasonable, and a substantial majority of loans are originated in the assessment areas. The bank's lending to borrowers of different income levels and businesses of different sizes reflects poor penetration. The geographic distribution of loans reflects a reasonable dispersion throughout census tracts of different income levels. In determining the cumulative lending test rating, the Greenville-Pickens County AA was emphasized, as 76 percent of the lending volume analyzed was originated or purchased in the AA.

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

The loan-to-deposit (LTD) ratio exceeds the standard for satisfactory performance. PNB's quarterly average LTD ratio since our last CRA examination in July 2004 is 97.41 percent. This percentage is more than reasonable considering the bank's asset size, financial condition, and lending opportunities in the assessment areas. Although the bank faces strong competition in its assessment areas, only three of the bank's competitors are considered similarly situated. The similarly situated banks and banks of similar size located in relative proximity operated at quarterly average LTD ratios of 78.97 and 90.35 percent, during the same time period respectively.

### **Lending in Assessment Area**

A substantial majority of loans were made within the bank's two assessment areas, which meets the standard for outstanding performance. Performance for each category

reviewed is detailed in the following table:

<b>Assessment Area Lending (Evaluation Period January 2006 to August 2008)</b>										
	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
Loan Type	#	%	#	%		\$	%	\$	%	
Home Purchase	129	92.81	10	7.19	139	19,096	86.31	3,028	13.69	22,124
Home Refinance	123	96.85	4	3.15	127	15,425	95.44	737	4.56	16,162
Small Business	44	86.27	7	13.73	51	9,378	90.16	1,023	9.84	10,401
Totals	296	93.38	21	6.62	317	43,899	90.17	4,788	9.83	48,687

*Source: HMDA data; Loan Sample*

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

PNB's lending to borrowers of different income levels and businesses of different sizes needs to improve. Residential lending was emphasized, as it comprised 85 percent of the bank's sampled portfolio within the assessment area, during the evaluation period. Furthermore, the Greenville-Pickens County AA accounted for 79 percent of residential lending in the AA, during our evaluation period; therefore, the county was given a greater emphasis in deriving a cumulative performance rating.

#### Performance in the Greenville-Pickens County AA

The borrower distribution of loans in the Greenville-Pickens County AA exhibits poor penetration. Lending to low-income families in the AA was particularly poor. A relatively high proportion of households in the AA are classified below the poverty level, which contributed to the bank's lending performance. Approximately 11 percent of households in the AA are below the poverty level, which impedes their ability to qualify for residential loans. Lending to businesses of different sizes was adequate; however, greater emphasis was placed upon residential lending as it comprised a greater proportion of the loan sample and it was identified as a community need.

#### *Residential Lending*

The distribution of residential loans to borrowers of different income levels exhibits poor penetration. Despite consideration given to the AA's poverty rate, the bank's level of lending to low- and moderate-income borrowers is significantly below the demographic comparator. The following table shows the distribution of home loan products among borrowers of different income levels as compared to the percent of families in each income category, for the period of January 1, 2006 through August 31, 2008.

<b>Borrower Distribution of Residential Real Estate Loans in Greenville-Pickens County AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	19.07%	2.63%	17.88%	17.11%	21.74%	22.37%	41.32%	57.89%
Home Refinance	19.07%	4.30%	17.88%	8.60%	21.74%	23.66%	41.32%	63.44%

Source: HMDA data; 2000 U.S. Census data

### *Business Lending*

The distribution of loans to businesses of different sizes reflects reasonable penetration. Approximately 42 percent of the bank's sampled loans to businesses during the evaluation period were made to small businesses. Small businesses are businesses with gross annual revenues of one million dollars or less. This is considered reasonable compared to demographic data that show 63 percent of the area's businesses are considered small businesses. Because revenue data was unavailable for 29 percent of the business loans in the sample, we also looked at the distribution of loans by dollar amount. Seventy-one percent of the business loans in our sample were loans under \$250 thousand, which provides additional support for a reasonable distribution of loans to small businesses.

The following tables show the distribution of commercial loans among different sized businesses in the AA.

<b>Borrower Distribution of Loans to Businesses in Greenville-Pickens County AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses	62.61	5.23	32.16	100
% of Bank Loans in AA by #	41.67	29.17	29.17	100
% of Bank Loans in AA by \$	23.62	44.17	32.21	100

Source: Loan sample; Dunn and Bradstreet data.

<b>Borrower Distribution of Loans to Businesses by Loan Size in Greenville-Pickens County AA</b>				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	8	33	404,300	5
\$100,001 - \$250,000	9	38	1,600,015	22
\$250,001 - \$500,000	1	4	381,556	5
\$500,001 - \$1,000,000	4	17	2,771,500	37
Over \$1,000,000	2	8	2,254,000	30
Total	24	100	7,411,371	100

Source: Loan Sample

## Performance in the Anderson County AA

The borrower distribution of loans in the Anderson County AA exhibits reasonable penetration. A relatively high proportion of households in the AA are classified below the poverty level, which contributed to the bank's lending performance. Approximately 13 percent of households in the AA are below the poverty level, which impedes their ability to qualify for residential loans.

### *Residential Lending*

The distribution of residential loans to borrowers of different income levels exhibits poor penetration. Despite consideration given to the AA's poverty rate, the bank's level of lending to low- and moderate-income borrowers is well below the demographic comparator. The following table shows the distribution of home loan products among borrowers of different income levels as compared to the percent of families in each income category, for the period of January 1, 2006 through August 31, 2008.

<b>Borrower Distribution of Residential Real Estate Loans in Anderson County AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	19.55%	0.00%	17.96%	5.26%	22.67%	31.58%	39.82%	63.16%
Home Refinance	19.55%	11.11%	17.96%	11.11%	22.67%	27.78%	39.82%	50.00%

*Source: HMDA data; 2000 U.S. Census data*

### *Business Lending*

The distribution of loans to businesses of different sizes reflects reasonable penetration. Approximately fifty-four percent of the bank's sampled loans to businesses during the evaluation period were made to small businesses. Small businesses are businesses with gross annual revenues of one million dollars or less. This is considered reasonable compared to demographic data that show approximately 60 percent of the area's businesses are considered small businesses. Because revenue data was unavailable for 21 percent of the business loans in the sample, we also looked at the distribution of loans by dollar amount. Ninety percent of the business loans in our sample were loans under \$250 thousand, which provides additional support for a reasonable distribution of loans to small businesses.

The following tables show the distribution of commercial loans among different sized businesses in the AA.

<b>Borrower Distribution of Loans to Businesses in Anderson County AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses	60.40	3.98	35.62	100
% of Bank Loans in AA by #	54.17	25.00	20.83	100
% of Bank Loans in AA by \$	59.86	35.56	4.58	100

*Source: Loan sample; Dunn and Bradstreet data.*

<b>Borrower Distribution of Loans to Businesses by Loan Size in Anderson County AA</b>				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	15	75	582,305	30
\$100,001 - \$250,000	3	15	619,300	31
\$250,001 - \$500,000	2	10	765,000	39
\$500,001 - \$1,000,000	0	0	0	0
Over \$1,000,000	0	0	0	0
Total	20	100	1,966,605	100

*Source: Loan Sample*

## **Geographic Distribution of Loans**

PNB's geographic distribution of loans reflects a reasonable dispersion throughout census tracts of different income levels. Residential lending performance was emphasized as it comprised the majority of the evaluated loans, and was noted as a community need. The Anderson County AA was allotted a lesser weighting to determine the bank's performance, given it possessed no low-income census tracts and moderate-income census tracts are located beyond the bank's market area.

### Performance in the Greenville-Pickens County AA

The bank's geographic distribution of loans in the Greenville-Pickens County AA reflects a reasonable dispersion throughout census tracts of different income levels. Greater emphasis was allocated to lending in moderate-income census tracts, due to the limited number of owner occupied housing and businesses located in low-income census tracts.

#### *Residential Lending*

The bank's geographic distribution of home loans in the AA reflects a reasonable dispersion throughout census tracts of different income levels, including low- and moderate-income census tracts. The percentage of owner occupied housing in low-income census tracts was minimal; therefore, lending in low-income census tracts was deemphasized for evaluation purposes.

The following table details the bank's performance as compared to the percentage of owner-occupied housing units in each census tract income level.

<b>Geographic Distribution of Residential Real Estate Loans in Greenville-Pickens County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	1.25%	0.00%	15.78%	16.16%	53.67%	76.77%	29.30%	7.07%
Home Refinance	1.25%	0.00%	15.78%	15.84%	53.67%	74.26%	29.30%	9.90%

Source: HMDA data; 2000 U.S. Census data

### *Business Lending*

The bank's geographic distribution of business loans reflects excellent dispersion throughout census tracts of different income levels. Lending to businesses located in low-income census tracts was deemphasized, due to the minimal percentage of businesses residing within. However, the bank's lending to businesses in moderate-income census tracts greatly exceeded the percentage of businesses residing within.

The following table details the bank's performance as compared to the percentage of businesses in each census tract income level.

<b>Geographic Distribution of Loans to Businesses in Greenville-Pickens County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	3.57	0.00	16.55	27.27	50.20	59.09	29.68	13.64

Source: Loan sample; Dunn and Bradstreet

### Performance in the Anderson County AA

The bank's geographic distribution of loans in the Anderson County AA reflects a reasonable dispersion throughout census tracts of different income levels. Greater emphasis was allocated to residential lending, as it comprised 72 percent of the evaluated loans in the AA. There were no low-income census tracts located in the AA during the evaluation period.

### *Residential Lending*

The bank's geographic distribution of residential loans in the AA reflects a reasonable dispersion throughout census tracts of different income levels, including the moderate-income census tracts. The percentage of home purchase and home refinance loans originated or purchased in moderate-income census tracts is near to the comparable percentage of owner occupied housing located within.

The following table details the bank’s performance as compared to the percentage of owner-occupied housing units in each census tract income level.

<b>Geographic Distribution of Residential Real Estate Loans in Anderson County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00%	0.00%	13.81%	10.34%	68.46%	34.48%	17.73%	55.17%
Home Refinance	0.00%	0.00%	13.81%	13.64%	68.46%	31.82%	17.73%	54.55%

Source: HMDA data; 2000 U.S. Census data

### **Business Lending**

The bank’s geographic distribution of business loans reflects poor dispersion throughout census tracts of different income levels. Our sample of business loans in the AA failed to capture any originated or purchased business loans in moderate-income census tracts. However, the moderate-income census tracts in the AA are located well south of the bank’s sole branch, and reside outside of the bank’s primary market in the county.

The following table details the bank’s performance as compared to the percentage of businesses in each census tract income level.

<b>Geographic Distribution of Loans to Businesses in Anderson County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses*	% of Number of Loans	% of AA Businesses*	% of Number of Loans	% of AA Businesses*	% of Number of Loans	% of AA Businesses*	% of Number of Loans
Business	0.00	0.00	15.25	0.00	63.44	20.00	19.18	80.00

Source: Sample of loans & Dunn and Bradstreet

\* 2.13 % of AA Census Tracts are classified as Not Applicable

### **Responses to Complaints**

PNB has not received any CRA-related complaints during the evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

PNB’s performance is rated “Satisfactory”. The bank’s community development performance in the Greenville-Pickens County assessment area (AA) demonstrates adequate responsiveness to community development needs through qualified community development lending, qualified investments, and community development services. The community development test considers both quantitative and qualitative aspects. There was no community development activity in the Anderson assessment area. The bank has only one branch located in the northern portion of this assessment

area. A sister bank is located in the assessment area and services most of the area.

### **Community Development Loans**

The level of community development lending is satisfactory. PNB has demonstrated adequate responsiveness to the community development needs of its assessment areas considering the opportunities. During the evaluation period, the bank funded four community development loans totaling \$2.56 million. The loans have been responsive to community needs in that they provide funds to construct affordable housing; facilities that offer free medical services; and, facilities that provide community service. All of the loans were originated in the Greenville-Pickens County AA. No loans were made in the Anderson assessment area. The loans for qualifying community development organizations are described below.

- In 2007, the bank made a loan totaling \$183 thousand to finance the acquisition of property for future expansion of a facility that provides free medical care for low- to moderate-income individuals and families.
- In 2006, the bank made a loan totaling \$537 thousand to finance the acquisition of property for the establishment of a new church. The property is part of a revitalized area and houses a free after school and summer program for disadvantaged children in the immediate area.
- In 2007, the bank made a loan totaling \$1.8 million to finance the construction of a new family life center for a local church. The property is located in a moderate-income area and serves individuals in the immediate area. Due to the building of the family life center, the church has been able to develop programs targeting low- to moderate-income individuals and families. These programs include a food and clothing closet and an emergency funds bank to help individuals and families with electric bills and rent.
- In 2007, the bank made a loan totaling \$44 thousand to finance the development of rental properties designed for the low- to moderate-income population.

### **Qualified Investments**

PNB's level of community development investments demonstrates adequate responsiveness to the CD needs of the assessment area based on the opportunities for such investments. During the evaluation period, the bank made 21 qualified community development investments totaling \$42.9 thousand. The qualified investments included contributions to local community organizations supporting affordable housing, homeless centers, and revitalization objectives for low- and moderate-income persons as well as other community services. These investments are not considered innovative or complex in nature, but are responsive to identified needs in the community.

## Community Development Services

PNB's level of community development services demonstrates adequate responsiveness to the community development needs of its assessment area considering the institution's capacity and the available opportunities for providing community development services within its assessment area.

PNB provides a satisfactory level of community development services through its branches, products, and activities that support qualified community development activities. The branch network is the primary delivery system for retail banking services, and provides reasonable accessibility to banking services, including low- and moderate-income individuals. One of six branches is located in a low-income census tract. All of the branches provide similar hours of operation and are located in the bank's assessment area.

All branches offer a full range of products and services, some of which are particularly beneficial to community development centered organizations. The bank features a checking account for non-profit organizations that requires no minimum balance and no charge for deposits or items deposited.

During the evaluation period, a total of eight bank officers and employees provided support to a number of community development organizations in its assessment areas. These organizations focus on affordable housing, community revitalization, and community service. The types of services provided by employees include serving as board members and fund raising committees chairpersons, providing technical and financial related services to organizations that provide community services to low- and moderate-income individuals. The organizations are described below.

- Three bank employees served as Board members and Campaign Chairpersons for a charity targeting low- and moderate-income geographies and families.
- Three bank employees served as Board members of Meals on Wheels; an organization that provides daily hot meals to residents 65 and older who are of low- and moderate-income means.
- One bank employee served as a Board member and on the Selection Committee for Habitat for Humanity; an organization that eliminates substandard living conditions and provides decent, affordable housing.
- One bank employee served as a Board member of The Salvation Army; an organization that provides short-term funding to help the disadvantaged with immediate needs related to housing, food, and clothing.
- One bank employee served as a Board member of Greenville Housing Futures; an organization that provides both ownership and rental opportunities to very low-income families and individuals.

- One bank employee served as a Board member of the Easley Rotary Club; an organization whose fund raising activities have benefited Meals on Wheels for the past three years.

Although none of the activities discussed above are considered innovative or complex in nature, they exhibit management's responsiveness to identified needs in the community.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.