

PUBLIC DISCLOSURE

April 6, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Bank of Belton

05450093

711 Anderson Street
P.O. Box 66
Belton, South Carolina 29627

**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 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 CRA performance of The Bank of Belton, Belton, South Carolina, prepared by The Federal Reserve Bank of Richmond, the institution's supervisory agency, as of April 6, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 228.

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

The bank's loan-to-deposit ratio meets standards for satisfactory performance given its financial capacity, location, and local economic conditions. A majority of loans sampled during the examination were provided to residents of the assessment area. The institution's lending to low- and moderate-income borrowers appears reasonable relative to the proportion of such families residing in the assessment area. All of the census tracts within the assessment area are middle-income. Therefore, the distribution of lending by income level of geographies was not considered in evaluating the institution's CRA performance.

DESCRIPTION OF INSTITUTION

The Bank of Belton operates one full-service branch within Anderson County, South Carolina. At the time of this examination, the institution had been open for approximately 12 months. As of December 31, 1997, The Bank of Belton had assets of approximately \$16 million, of which 67% were loans. Various loan and deposit products are available through the institution including loans for consumer, residential mortgage, home improvement, business, and agricultural purposes. The loan portfolio as of December 31, 1997 was comprised of the following: 41% secured by real estate (consumer and business), 20% consumer, 20% commercial/agricultural, and 19% other (participations). Based on the number of loans extended during the previous 12 months, consumer (secured and unsecured) and residential real estate loans were identified as the principal credit products offered by the bank.

DESCRIPTION OF ASSESSMENT AREA

The institution's assessment area is comprised of three census tracts (113, 114, 115) within Anderson County, South Carolina. Anderson County is located in the north-western tip of South Carolina and is part of the Greenville Metropolitan Statistical Area (MSA). According to 1990 census data, the population of the bank's local community is 18,831. All geographies within this area are considered middle-income. The assessment area has a median housing value of \$45,000. However, the availability of owner-occupied low-income housing is limited. The MSA and state median housing values are \$58,298 and \$60,670, respectively. The 1997 median family income for the Greenville MSA is \$41,600

The following table provides assessment area demographics by income level of families.

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Percentage of Area Families By Income Level	21%	21%	26%	32%	100%

The assessment area is primarily rural and relies heavily on agriculture and the manufacturing industry. Major local employers include Michelin Tires, BASF, Robert Bosch Industries, Anderson Hospital, and Frigidaire. As of February 1998, the unemployment rate in Anderson County was 2.7% which compares to the state jobless rate of 3.4%.

A local government official was recently contacted to further assist in evaluating the bank's CRA performance. The contact indicated that the county was experiencing some housing growth.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LOAN-TO-DEPOSIT RATIO

The bank's level of lending is responsive to area loan demand. During a three-quarter period ending December 31, 1997, the quarterly average loan-to-deposit ratio for institutions headquartered in metropolitan areas of South Carolina and of similar asset size to The Bank of Belton ranged from 59% to 63%. The bank's average loan-to-deposit ratio of 66% for the previous three quarters is considered reasonable given the institutions size, financial condition, location, and current local conditions.

LENDING IN ASSESSMENT AREA

To determine the institution's volume of lending within the assessment area, a sample of 91 of the 167 consumer and 62 of the 90 residential real estate loans extended during the previous twelve months was analyzed. The lending distribution is illustrated by the following table.

Comparison of Credit Extended Inside and Outside of Assessment Area

	Inside Assessment Area	Outside Assessment Area	Total
Total Number of Loans	116	37	153
Percentage of Total Loans	76%	24%	100%
Total Amount of Loans(000's)	\$2,568	\$713	\$3,281
Percentage of Total Amount	78%	22%	100%

As illustrated above, a 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

The following chart illustrates the distribution of the 72 consumer loans extended within the assessment area by income level of the borrower.

Distribution of Loans by Income Level of Borrower Consumer Loans

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	29	21	20	2	72
Percentage of Total Loans	40%	29%	28%	3%	100%
Total Amount of Loans (000s)	\$111	\$127	\$179	\$64	\$481
Percentage of Total Loans	23%	27%	37%	13%	100%

The percentage of the sampled consumer loans extended to low- and moderate-income families (69%) substantially exceeds the proportion of such families within the community (42%). Furthermore, 50% of the dollar amounts of the loans were extended to these borrowers.

The sampled residential real estate loans (44) extended within the assessment area were also reviewed to determine lending by borrower income level. These loans consist of those for refinance, purchase, and home improvement purposes secured by one-to-four family dwellings. The following chart represents the distribution of the loans by borrower income level.

Residential Real Estate Loans

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	1	13	18	12	44
Percentage of Total Loans	2%	30%	41%	27%	100%
Total Amount of Loans (000s)	\$30	\$383	\$789	\$885	\$2,087
Percentage of Total Loans	2%	18%	38%	42%	100%

The percentage of residential real estate loans provided to low- and moderate-income borrowers (32%) is somewhat lower than the proportion of such families (42%) within the assessment area. The volume of loans provided to moderate-income borrowers (30%) exceeds the proportion of such families (21%) within the assessment area. However, the percentage of loans to low-income borrowers is lower than the representation of these families (21%). The affordability of rental housing may contribute to the lower percentage of real estate loans extended. Seventy-three percent of available housing units in the assessment area are owner-occupied, while 21% of housing is composed of rental units. Many low-income individuals within the assessment area reside in rental housing as the rental rates in the area are 20% lower than within the surrounding MSA. The median gross rent for the assessment area is \$285. Furthermore, the availability of owner-occupied low-income housing is limited.

Overall, the distribution of consumer and residential real estate loans to borrowers of different income levels is considered reasonable relative to the estimated demand for these types of loans, using area demographics as a proxy.

GEOGRAPHIC DISTRIBUTION OF LOANS

As previously mentioned, the banks assessment area is composed of three middle-income census tracts. Accordingly, 100% of the number and dollar amount of loans within the market were extended within these geographies. Therefore, the distribution of lending by income level of geographies was not considered in evaluation the institutions CRA performance.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

No credit practices inconsistent with the substantive provisions of the fair housing and fair lending laws were identified. Technical violations of the Equal Credit Opportunity Act's Regulation B were noted. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

