

PUBLIC DISCLOSURE

June 26, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Pamplico Bank and Trust Company

549826

189 E. Main Street

Pamplico, South Carolina 29583

Federal Reserve Bank of Richmond

P. O. Box 27622

Richmond, Virginia 23261

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.

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio, while low, is considered reasonable given the bank's capacity, location, and demand for credit in the assessment area.
- A substantial majority of the institution's sampled consumer unsecured loans reviewed during the evaluation were originated within the bank's assessment area.
- The distribution of lending to low- and moderate-income borrowers is considered excellent when compared to assessment area demographic data.
- The geographic distribution of lending is considered poor given the bank's branch locations and area demographic data.
- There have been no complaints regarding the bank's CRA performance since the previous evaluation.

SCOPE OF EXAMINATION

Based on the number of loans originated during the preceding year, consumer unsecured loans were identified as the primary credit product extended by the bank. Accordingly, this product line was considered in the evaluation, which includes a sample of 97 consumer unsecured loans selected from 184 consumer unsecured loans extended during a recent 12-month period.

DESCRIPTION OF INSTITUTION

Pamplico Bank and Trust Company is headquartered and operates two offices in the Town of Pamplico, South Carolina. Pamplico Bank and Trust Company is the only financial institution within the Town of Pamplico. The institution's main office is a full-service facility, offering traditional banking services, while the branch offers deposit and check cashing services only. The bank has not opened or closed any branches since the previous evaluation.

As of June 30, 2006, the bank reported assets of \$18.8 million, of which 37% were loans. The loan portfolio as of June 30, 2006, was comprised of 61.5% one- to four-family residential real estate secured, 20.6% consumer, 12.7% commercial and farm real estate secured, and 5.2% commercial and agricultural loans. As of June 30, 2005, the bank's deposit market share within Florence County is minimal at .8%. The institution's previous CRA rating, dated May 6, 2002, was Satisfactory.

Description of Assessment Area

The institution's assessment area includes all of Florence County, South Carolina, which is part of the Florence, South Carolina, Metropolitan Statistical Area (MSA). According to the 2000 census data, the assessment area has a population of 125,761 and a median housing value of \$71,919. The owner-occupancy rate for the market equals 66.4%, which is higher than the state's rate (63.2%), but lower than the MSA's rate (67.2%). The percentage of families living below the poverty level in the assessment area (13.5%) is higher than the state level of 10.7%, but lower than the MSA level of 14.5%. The 2005 median family income for the MSA is \$47,450.

The following table provides demographic data for the assessment area by the income level of families and the percentage of area families living in census tracts of varying income levels. The table also includes the distribution of owner-occupied housing units by census tract income level and Dun and Bradstreet (D&B) business and farm data.

Metro - Florence County ASSESSMENT AREA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	3.4	882	2.6	377	42.7	7,498	22.0
Moderate	6	20.7	5,952	17.4	1,443	24.2	5,405	15.8
Middle	16	55.2	19,419	56.9	2,507	12.9	6,887	20.2
Upper	6	20.7	7,867	23.1	282	3.6	14,330	42.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	29	100.0	34,120	100.0	4,609	13.5	34,120	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low	1,390	557	1.6	40.1	669	48.1	164	11.8
Moderate	9,521	5,376	15.6	56.5	3,028	31.8	1,117	11.7
Middle	29,232	20,345	59.1	69.6	6,278	21.5	2,609	8.9
Upper	11,693	8,125	23.6	69.5	2,769	23.7	799	6.8
NA	0	0	0.0	0.0	0	0.0	0	0.0
Total	51,836	34,403	100.0	66.4	12,744	24.6	4,689	9.0
	Total Businesses by Tract	Businesses by Tract and Revenue Size						
		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported		
		#	%	#	%	#	%	#
Low	172	3.6	140	3.4	27	6.6	5	2.7
Moderate	1,136	24.1	998	24.2	87	21.2	51	27.7
Middle	2,346	49.7	2,081	50.5	186	45.4	79	42.9
Upper	1,063	22.5	904	21.9	110	26.8	49	26.6
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	4,717	100.0	4,123	100.0	410	100.0	184	100.0
Percentage of Total Businesses:				87.4		8.7		3.9
	Total Farms by Tract	Farms by Tract and Revenue Size						
		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported		
		#	%	#	%	#	%	#
Low	1	0.6	1	0.6	0	0.0	0	20.0
Moderate	21	12.6	21	12.9	0	0.0	0	0.0
Middle	128	76.6	124	76.1	4	100.0	0	0.0
Upper	17	10.2	17	10.4	8	0.0	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	167	100.0	163	100.0	4	100.0	0	0.0
Percentage of Total Farms:				97.6		2.4		0.0

NA Tracts are tracts without household or family income.

Florence County is located in the northeastern portion of South Carolina. The local economy is primarily dependent on retail trade, services, and healthcare. Major employers include the McLeod Regional Medical Center, Florence County Public School District, Palmetto Government Benefits Administrators/TRICARE (insurance services), and Honda of South Carolina. As of May 31, 2006, the unemployment rates for Florence County and the State of South Carolina were 7.7% and 6.5%, respectively.

A local economic development official was contacted during the examination to discuss area economic conditions and credit needs. The contact indicated that local financial institutions are adequately serving the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-To-Deposit Ratio

The institution's loan-to-deposit ratio, for the 17-quarter period ending June 30, 2006, averaged 48.2% and ranged from 41.1% to 54.5%. In comparison, the average of quarterly loan-to-deposit ratios for all banks headquartered in metropolitan areas of South Carolina and of similar asset size to Pamplico Bank and Trust Company ranged from 55.9% to 72.5% during the same 17-quarter period. From December 31, 2001, to June 30, 2006, bank assets, loans, and deposits have decreased by 9.5%, 24.9%, and 12.2%, respectively. Although slightly lower than the comparative range, the bank's loan-to-deposit ratio is considered adequate given the institution's size, financial capacity, and local economic conditions.

Lending In Assessment Area

To determine the institution's volume of lending within its assessment area, a sample of 97 consumer unsecured loans was reviewed. The lending distribution is represented in the following table for the assessment area.

Comparison of Credit Extended Inside and Outside of Assessment Area

	Inside Assessment Area	Outside Assessment Area	Total
Total Number of Loans	93	4	97
Percentage of Total Loans	95.9%	4.1%	100%
Total Amount of Loans (000's)	\$476	\$12	\$488
Percentage of Total Amount	97.5%	2.5%	100%

As illustrated in the preceding chart, a substantial majority of the number (95.9%) and dollar amount (97.5%) of loans were provided to borrowers located in the bank's assessment area. The institution's level of lending within its assessment area is considered highly responsive to community credit needs.

Lending to Borrowers of Different Incomes

To evaluate the level of lending to borrowers of varying income levels, the 93 sampled consumer unsecured loans extended within the bank's assessment area were analyzed and are reflected in the following table. Discussion of the bank's performance follows each table. Area demographic data are used as proxies for demand.

Distribution of Consumer Unsecured Loans by Income Level of Borrower

Of the 93 sampled consumer unsecured loans within the assessment area, seven of the loans did not contain income data and are not included in the analysis.

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	46	21	12	7	86
Percentage of Total Loans	53.5%	24.4%	14%	8.1%	100%
Total Amount of Loans (000's)	\$183	\$135	\$35	\$88	\$441
Percentage of Total Amount	41.5%	30.6%	7.9%	20%	100%

As indicated in the preceding table, 53.5% of the bank's consumer unsecured loans were to low-income borrowers. This level of lending substantially exceeds the percentage of area low-income families (22%). Similarly, lending to moderate-income borrowers (24.4%) exceeds the proportion of area moderate-income families (15.8%). Overall, the bank's level of lending to low- and moderate-income borrowers is considered excellent.

Geographic Distribution of Loans

The geographic distribution of the sampled loans within the assessment area is reflected in the following table. Discussion of the bank's performance follows the table.

Distribution of Consumer Unsecured Loans by Income Level of Geography

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	0	2	87	4	93
Percentage of Total Loans	0%	2.2%	93.5%	4.3%	100%
Total Amount of Loans (000's)	\$0	\$5	\$461	\$10	\$476
Percentage of Total Amount	0%	1.1%	96.8%	2.1%	100%

As indicated above, none of the sampled consumer unsecured loans were extended to residents of the market's single low-income census tract, where 2.6% of area families reside. However, this low-income census tract is not situated within close proximity to the census tract where the bank's two offices are located. Additionally, the bank's level of lending in moderate-income areas (2.2%) substantially lags the proportion of area families in such areas (17.4%). Within the moderate-income census tracts, 24.2% of area families are below the poverty level. While such a concentration of impoverished families may effectively reduce the viable demand for credit by area residents, the bank's level of lending is considered poor even when considering branch location and the effect of area poverty rates.

Fair Lending or Other Illegal Credit Practices Review

No credit practices inconsistent with the substantive provisions of the fair housing and fair lending laws and regulations were identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.