

PUBLIC DISCLOSURE

June 27, 2005

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Southern Community Bank & Trust

2514547

4701 Country Club Road

Winston-Salem, North Carolina 27104

**Federal Reserve Bank of Richmond
Post Office Box 85029
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.

TABLE OF CONTENTS

Institution Rating	
Institution's CRA Rating.....	1
Table of Performance Test Ratings.....	1
Summary of Major Factors Supporting Rating.....	1
Institution	
Description of Institution.....	2
Scope of Examination.....	3
Conclusions With Respect to Performance Tests.....	3
Metropolitan Area (Full Review)	
Description of Operations.....	6
Conclusions With Respect to Performance Tests.....	7
Metropolitan Area (Limited Review).....	12
Non-Metropolitan Areas (Limited Review).....	14
Appendices	
CRA Appendix A: Scope of Examination.....	17
CRA Appendix B: Branch, Loan, and Deposit Volume by Assessment Area.....	18
CRA Appendix C: Glossary.....	19

INSTITUTION RATING

INSTITUTION'S CRA RATING: Southern Community Bank & Trust is rated **SATISFACTORY**.

The following table indicates the performance level of Southern Community Bank & Trust with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	<u>Southern Community Bank & Trust</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

Major factors supporting the institution's rating include:

- Lending activity overall is consistent with the bank's capacity and market presence.
- A high percentage of the institution's reported Home Mortgage Disclosure Act (HMDA) and small business loans were originated within the bank's assessment areas.
- While the geographic and borrower distribution of loans in the markets reviewed using the examination procedures is varied, in most cases, the performance is considered good or excellent.
- Participation in qualified community development lending is responsive to community credit needs and is considered adequate.
- An adequate level of participation in qualified community development investments was noted.
- Delivery systems and branch locations are accessible to all segments of the assessment areas reviewed.
- A relatively high level of community development services throughout the institution's numerous assessment areas was identified.

INSTITUTION

DESCRIPTION OF INSTITUTION

Southern Community Bank and Trust (SCBT), headquartered in Winston-Salem, North Carolina, operates 18 branch offices throughout the Piedmont Triad region of North Carolina. The institution is a subsidiary of Southern Community Financial Corporation (SCFC), a single bank holding company also headquartered in Winston-Salem. On January 12, 2004, SCFC acquired The Community Bank (TCB) in Pilot Mountain, North Carolina. The bank was merged into SCBT on October 18, 2004. On September 7, 2004, the bank acquired two mortgage offices of Davidson Mortgage, one in Cornelius, North Carolina, and the other in Lexington, South Carolina. The bank operates these offices as Loan Production Offices (LPOs). An additional LPO is operated in Mooresville, North Carolina. The bank has one subsidiary, VCS Management LLC, a venture capital company.

As of March 31, 2005, the bank reported assets of \$1.2 billion of which 64.5% were loans and 24.3% were securities. Additionally, the loan portfolio included 53.1% commercial real estate and farm, 26.4% residential real estate, 17% commercial and agricultural, and 3.5% consumer. As of March 31, 2005, deposits totaled \$848.5 million. Based on its financial capacity, there are no significant limitations on the bank's ability to meet credit needs within the communities it serves.

The bank serves four contiguous assessment areas within North Carolina. Two of the areas are metropolitan statistical areas (MSAs) and two are nonmetropolitan areas. The following tables describe the composition of SCBT's assessment areas as of June 27, 2005.

Metropolitan Assessment Areas			
Name	State	County	Census Tracts Included
Winston-Salem, NC	NC	Forsyth	All
	NC	Stokes	All
	NC	Yadkin	All
Greensboro-High Point, NC	NC	Guilford	All
	NC	Randolph	All
	NC	Rockingham	All

Nonmetropolitan Assessment Areas			
Name	State	County	Census Tracts Included
Iredell	NC	Iredell	All
Surry	NC	Surry	All

Appendix B includes a table reflecting the number and percentage of branches, volume of lending, and volume of deposits by assessment area.

SCBT was assigned a satisfactory rating at its prior CRA evaluation conducted June 7, 2004. As previously mentioned, The Community Bank was merged into SCBT in October 2004. The Community Bank received an outstanding rating at the previous CRA evaluation dated February 1, 1999. The merger added ten branch offices and the following counties to the bank's assessment areas: Iredell, Randolph, Rockingham, Stokes, and Surry.

SCOPE OF EXAMINATION

The institution was evaluated using the interagency examination procedures developed by the Federal Financial Institution's Examination Council (FFIEC). Consistent with these procedures, HMDA and small business lending activity reported by the institution from January 1, 2004, through December 31, 2004, was reviewed (the bank did not report any small farm loans). This includes all loans originated and purchased by SCBT during the one-year time period. Qualified community development loans and services are also considered for activities from June 7, 2004, (the date of the previous CRA evaluation) through December 31, 2004. All qualified investments outstanding as of the examination date were also considered regardless of when made.

Ratings for the lending, investment, and service tests are assigned to the institution overall based on performance in assessment areas subject to the FFIEC's full-scope evaluation process. Because of its relative size, determined by loan activity, proportion of bank deposits, and market population, the Winston-Salem, North Carolina MSA assessment area was subject to the full-scope evaluation process. The Greensboro-High Point MSA, Iredell County, and Surry County assessment areas were reviewed utilizing the limited-scope evaluation procedures, which require a determination as to whether performance was consistent with the assigned overall institution rating. According to the FFIEC procedures, lending test performance accounts for half of the overall rating, while the investment and service tests are equally weighted and, combined, account for the remaining half of the overall rating.

When evaluating lending performance for specific loan types, primary consideration is given to the number (and corresponding percentage) of transactions. The institution's overall rating is based on the performance of each loan category, and primary consideration is given to the dollar volume each category contributes to the overall activity considered in the evaluation. As evidenced by the lending activity information included in the following section, the volume of small business transactions as reported by the bank is greater than the volume of HMDA transactions. Consequently, the small business category is weighted more heavily when considering overall performance.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

An analysis of lending for the review period is discussed in greater detail later in this evaluation for the assessment area receiving a full scope review. The analysis contains tables about the bank's performance for loans reported in 2004.

The lending test is rated high satisfactory overall based on lending activity, distribution of loans, and community development lending. Area demographic data, Dun & Bradstreet (D&B) business data, and market aggregate information are used as proxies for demand when evaluating the bank's performance. Aggregate data includes SCBT and all other reporting institutions that originated and/or purchased loans of the type considered within the bank's assessment areas. D&B business data is from 2004 and the small business and HMDA aggregate data are from calendar year 2003, as 2004 aggregate data is not yet available. Demographic data is from the 2000 census and based on the 2004 MSA compositions. Changes to MSA compositions effective as of January 1, 2004, had a minimal effect on the income levels of both census tracts and borrowers when compared to 2003 demographics.

Lending Activity

A bank's loan-to-deposit ratio is one measure of its lending relative to its capacity, and SCBT is an active lender. During the four-quarter period ending March 31, 2005, the quarterly average loan-to-deposit ratio of banks headquartered in metropolitan areas of North Carolina and of similar asset size to SCBT ranged from 88.4% to 89.9%. The bank's average quarterly loan-to-deposit ratio for the same period equaled 93.4% and ranged from 91.1% to 95.3%. As of March 31, 2005, the ratio equaled 94%. No barriers to the bank's ability to lend were noted.

Various loan products are available through the institution including residential mortgage, commercial, and consumer loans. Consumer loans offered by the bank include motor vehicle and secured and unsecured loans. The bank also offers mortgage loans for home purchase, refinance, and construction. In addition, home equity lines of credit, personal lines of credit, and overdraft accounts are available.

Assessment Area Concentration:

Loan data includes all reported originations and purchases of HMDA and small business loans from January 1, 2004, through December 31, 2004. The data does not include large commercial loans (loan amounts in excess of \$1 million) or any activity by affiliates or subsidiaries.

Lending Inside and Outside the Assessment Area								
	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
HMDA Home Purchase	144	70.9	20,444	68.7	59	29.1	9,315	31.3
HMDA Refinancing	219	81.1	33,911	76.9	51	18.9	10,200	23.1
HMDA Home Improvement	13	92.9	419	96.1	1	7.1	17	3.9
HMDA Multifamily	2	100	1,500	100	0	0	0	0
Total HMDA-related	378	77.3	56,274	74.2	111	22.7	19,532	25.8
Total Small Business	538	86.8	94,922	88.9	82	13.2	11,807	11.1
TOTAL LOANS	916	82.6	151,196	82.8	193	17.4	31,339	17.2

As indicated above, a high percentage of the number and dollar amounts of loans have been provided to assessment area residents. Overall, the percentage of loans made in the bank's assessment area is considered highly responsive to community credit needs.

Geographic and Borrower Distribution:

When evaluating the geographic and borrower distribution of lending for a specific loan category (small business and HMDA) within an assessment area, primary emphasis is placed on the number of loans originated or purchased. To arrive at an overall conclusion regarding the distribution of lending, performance in each loan category is then weighted by dollar volume of loans made in the assessment area. Overall, the institution's distribution by geography and borrower revenue/income is considered good, and this performance is consistent within the bank's three additional assessment areas.

Community Development Lending:

The bank originated an adequate level of loans for a variety of community development purposes totaling approximately \$459,000 for the period reviewed. In general, the lending activities provide housing and other community services for low- and moderate-income individuals and/or facilitate microenterprise development. Detailed discussions of this lending activity are included in the appropriate assessment area sections.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated low satisfactory. As of the date of the evaluation, SCBT held \$3.4 million in qualified investments. Investments in a senior housing crime prevention foundation, a venture capital company, and low-income mortgage loan pools have been made. Detailed discussion of the investment activity is included in the appropriate assessment area sections.

Various contributions totaling \$14,250 have also been made to organizations whose efforts support microenterprises and services for low- and moderate-income individuals.

SERVICE TEST

The bank's overall performance under the service test is rated high satisfactory. Delivery systems, branch locations, and hours of operation are considered accessible and convenient to all portions of the assessment areas. Of the 18 branch offices within this assessment area, two (11.1%) are located within moderate-income areas. As previously mentioned, the bank added ten branch offices with the consummation of its merger with The Community Bank.

SCBT supports community development organizations that provide community development services throughout its various assessment areas. Discussion of specific activities is included for each assessment area, as applicable.

As required by the Federal Deposit Insurance Corporation Improvement Act of 1991, SCBT has adopted a branch closing policy.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

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.

METROPOLITAN AREAS

(For metropolitan areas with some or all assessment areas reviewed using the examination procedures)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WINSTON-SALEM, NORTH CAROLINA MSA

The bank's metropolitan assessment area consists of Forsyth, Stokes, and Yadkin Counties, North Carolina, and, as previously mentioned, is part of the Winston-Salem MSA. The assessment area contains 90 geographies, of which five are considered low-income, 16 are moderate-income, 46 are middle-income, and 23 are upper-income. According to census data, the assessment area has a population of 387,126. Housing is generally considered affordable when comparing the 2000 assessment area median housing value (\$100,990) to the 2004 assessment area median family income (\$56,800). The overall family poverty rate of the assessment area (7.7%) is less than the North Carolina statewide rate (9%).

The following table provides demographic data for the assessment area by the income level of families, the type and distribution of housing units, and distribution of local businesses and farms.

Winston-Salem, North Carolina MSA Demographic Data								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	5	5.6	2,986	2.8	1,212	40.6	20,638	19.4
Moderate	16	17.8	15,212	14.3	2,688	17.7	19,156	18.0
Middle	46	51.1	58,749	55.3	3,659	6.2	24,896	23.4
Upper	23	25.6	29,238	27.5	654	2.2	41,495	39.1
Total	90	100	106,185	100	8,213	7.7	106,185	100
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low	5,235	1,084	1.0	20.7	3,471	66.3	680	13.0
Moderate	25,705	11,764	11.0	45.8	12,079	47.0	1,862	7.2
Middle	94,235	61,792	57.6	65.6	25,125	26.7	7,318	7.8
Upper	43,001	32,676	30.4	76.0	7,944	18.5	2,381	5.5
Total	168,176	107,316	100	63.8	48,619	28.9	12,241	7.3
	Total Businesses by Tract	Businesses by Tract and Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	311	2.3	260	2.2	40	3.2	11	2.0
Moderate	1,700	12.3	1,447	12.1	182	14.6	71	13.0
Middle	8,297	60.1	7,144	59.5	814	65.3	339	62.1
Upper	3,492	25.3	3,157	26.3	210	16.9	125	22.9
Total	13,800	100	12,008	300	1,246	100	546	100
	Percentage of Total Businesses:			87.0			9.0	4.0

	Total Farms by Tract		Farms by Tract and Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1	0.3	1	0.3	0	0.0	0	0.0
Moderate	29	9.5	29	10.0	0	0.0	0	0.0
Middle	239	78.1	234	80.4	2	100.0	3	100.0
Upper	37	12.1	37	12.7	0	0.0	0	0.0
Total	306	100	301	103	2	100	3	100
	Percentage of Total Farms:		98.4		0.7		1.0	

This market once depended heavily on tobacco and textiles for its economic health, but is now one of the largest financial centers in the country. Because of the growth of financial industries in the area, the service sector is the largest employer. In addition, the manufacturing and medical industries provide the area with an extensive and diverse job base. The following chart details the unemployment rates for the counties in the market as of June 2005.

Area	Unemployment Rate
Forsyth County	5.1%
Stokes County	5.1%
Yadkin County	4.8%
State	5.5%
MSA	5%

The bank operates 11 full-service branches within this market. As of June 2004, SCBT (including The Community Bank's deposits) ranked fifth in deposit market share with 5.7% of the assessment area's available FDIC insured deposits (credit union deposits are not included). According to 2003 aggregate data, the institution (including The Community Bank's reported HMDA loans) would have ranked eighteenth in reported mortgage lending with a 1.6% market share and ninth in reported small business lending with a 3.8% market share. Of the small business reporters, the top ten (by number of loans reported) account for 80.9% of all reported activity. Five of these ten reporters are specialized lenders, often limited purpose credit card issuers. These five reporters account for 70% of the top ten reporters' volume.

A representative from a local economic development organization was contacted during the evaluation to discuss local economic conditions and community credit needs. The contact indicated that local financial institutions reasonably meet area credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WINSTON-SALEM, NORTH CAROLINA MSA

LENDING TEST

Lending Activity:

Bank lending activity within this assessment area (73.8%) is generally consistent with the percentage of branch offices (61.1%) and deposits (77.8%) in the assessment area.

Geographic Distribution:

The following tables present data about the bank's lending. Discussion of the bank's performance follows each table.

Distribution of HMDA Loans by Income Level of Geography

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	7	43	146	74	270
Percentage of Total Loans	2.6%	15.9%	54.1%	27.4%	100%
Total Amount of Loans (000's)	\$249	\$5,347	\$18,323	\$18,312	\$42,231
Percentage of Total Amount	0.6%	12.7%	43.4%	43.3%	100%

The bank's performance in both low- and moderate-income census tracts significantly exceeds 2003 aggregate performance (0.8% and 8.3%, respectively). SCBT's performance also exceeds the percentage of owner-occupied housing units in low- and moderate-income census tracts (1% and 11%, respectively). Overall, the bank's penetration in low- and moderate-income tracts is considered excellent.

Distribution of Small Business Loans by Income Level of Geography

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	6	41	255	104	406
Percentage of Total Loans	1.5%	10.1%	62.8%	25.6%	100%
Total Amount of Loans (000's)	\$425	\$6,648	\$31,409	\$11,513	\$49,995
Percentage of Total Amount	0.9%	13.3%	62.8%	23%	100%

D&B data from 2004 indicates that 2.3% and 12.3% of all area businesses are located in low- and moderate-income census tracts, respectively. Of all lenders reporting small business loans in the assessment area for 2003, 1.6% of loans were to businesses in low-income tracts and 11.9% were to businesses located in moderate-income tracts. As shown in the preceding table, in 2004, bank lending to businesses in both low- and moderate-income tracts was comparable to the proxies in those areas. Overall, the bank's penetration of low- and moderate-income areas reflects a good distribution of small business loans.

Overall, the geographic distribution within this assessment area is considered good given the institution's size, branch locations, and the effective demand for credit.

Distribution by Borrower Income and Revenue Size of the Business:

The following tables present data about the bank's lending to borrowers of different income levels and businesses of different sizes in 2004. Discussion of the bank's performance follows each table.

Distribution of HMDA Loans by Income Level of Borrower

For calendar year 2004, the bank reported a total of 270 HMDA loans within the assessment area; however, 40 of these loans did not contain income data and are excluded from the following analysis.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	24	39	51	116	230
Percentage of Total Loans	10.4%	17.0%	22.2%	50.4%	100%
Total Amount of Loans (000's)	\$1,511	\$3,102	\$6,201	\$22,869	\$33,683
Percentage of Total Amount	4.5%	9.2%	18.4%	67.9%	100%

Demographic data indicates that within the assessment area, 19.4% and 18% of families are low- and moderate-income, respectively. According to 2003 aggregate HMDA data, 7.7% of loans extended were to low-income borrowers while 21.7% of the loans were made to moderate-income borrowers. Overall, the bank's performance in 2004 is considered good when compared to these proxies for demand.

Distribution of Lending by Loan Amount and Size of Business

	\$0 - \$100,000		>\$100,000 to \$250,000		>\$250,000		Total	
Revenues ≤ \$1 Million	226	55.7%	61	15.0%	33	8.1%	320	78.8%
Revenues > \$1 Million	45	11.1%	16	3.9%	25	6.2%	86	21.2%
Total	271	66.8%	77	18.9%	58	14.3%	406	100%

According to aggregate small business data, of all loans reported (originated and purchased) in 2003, 37.5% were to businesses with annual revenues of \$1 million or less. D&B data indicates that 90.6% of all local businesses have revenues that do not exceed \$1 million per year. In 2004, 78.8% of SCBT's small business loans were to businesses with annual revenues of \$1 million or less. The bank's level of lending is considered good.

Overall, the distribution of loans to borrowers of different income levels and to businesses of different sizes is considered good using aggregate data and area demographics as proxies for demand.

Community Development Lending:

From June 7, 2004, through December 31, 2004, SCBT extended five community development loans totaling \$459,185. Three of the loans were extended in conjunction with the Community Investment Corporation of North Carolina (CICNC). CICNC is a statewide affordable housing loan consortium that exists to provide a source of long-term permanent financing for low- and moderate-income multifamily housing developments throughout the state of North Carolina. One of the loans was extended in conjunction with the Tandem Loan Program offered by the Housing Services and Housing/Neighborhood Development Departments of the City of Winston-Salem. The program seeks to foster neighborhood revitalization through the acquisition and rehabilitation of affordable housing and to facilitate the sale and financing of low- and moderate-income housing within the city of Winston-Salem. The remaining loan was to an area nonprofit organization whose main purpose is to facilitate job creation and economic stability in the area.

The overall level of lending within this assessment area is considered good. This conclusion is based on the evaluation of lending activity, geographic distribution, borrower distribution, and the level of community development lending while taking into account the bank's market strategy, area demographic data, and aggregate CRA and HMDA data.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated low satisfactory. Qualified community development investments consist of the following:

- SCBT has made a \$1.7 million equity investment commitment to Salem Capital Partners, a licensed small business investment company (SBIC). SBICs are investment firms that are licensed and regulated by the Small Business Administration and provide venture capital to small businesses. Though headquartered in this assessment area, the entity provides venture capital to small businesses throughout the state of North Carolina.
- The bank has invested \$1 million in the Senior Housing Crime Prevention Foundation (SHCPF), Inc. The foundation supports the Senior Crimestoppers Program for low- and moderate-income seniors. The bank's investment will be used to help elderly residents of senior housing facilities located in Forsyth and Guilford Counties, North Carolina.
- The bank maintains a \$698,656 investment in two privately issued mortgage-backed securities. The underlying loans within the loan pools are to low- or moderate-income borrowers most of whom reside within the assessment area.

SERVICE TEST

Within the Winston-Salem MSA, SCBT's performance under the service test is considered good. Systems for delivering retail-banking services are accessible to essentially all portions of the assessment area, including low- and moderate-income areas. Also, SCBT actively participates in several community development organizations.

Retail Services:

Delivery systems are accessible to all portions of the assessment area. A bank-by-phone product and Internet banking are available offering 24-hour account access. Bank-by-mail for both deposit and lending products is available, as well. The bank also offers many services with no or low service charges, such as no monthly service or per check charges on one of its checking accounts, no service-charge ATM services, and free access to both telephone and Internet banking.

Branch locations and business hours are considered convenient and meet the needs of the assessment area. The institution operates 11 full-service branch offices within this assessment area, of which one (9.1%) is located in a moderate-income census tract. All branch offices are open Monday through Thursday until 5:00 p.m., and on Fridays until 6:00 p.m. In addition, the drive-thru opens by 8:00 a.m. at all branches within the assessment area. Three branch offices have been added as a result of the merger with The Community Bank since the previous evaluation.

Community Development Services:

Financial expertise has been supplied to numerous community development organizations. A partial list of these organizations and positions held includes:

- Director and Treasurer for Habitat for Humanity
- Board member of Housing Authority of Winston-Salem
- Board member of the Winston-Salem/Forsyth County Housing Partnership
- Chairman of the Small Business Center Network Committee

METROPOLITAN AREA

(For each metropolitan area where no assessment areas were reviewed using the examination procedures)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN METROPOLITAN AREAS OF NORTH CAROLINA

SCBT's Greensboro-High Point MSA assessment area was reviewed using the limited review examination procedures. Information detailing the composition of the assessment areas is included in the **DESCRIPTION OF INSTITUTION** section of this report. Information about loan volume, branches, and deposits is included in **APPENDIX B** of this report.

The following table indicates for each test whether performance in the assessment area was generally below, consistent with, or exceeded the institution's overall performance. Lending performance was compared to 2003 aggregate data and demographic information derived from 2000 census data. Conclusions regarding performance are as follows:

Assessment Area	Lending Test	Investment Test	Service Test
Greensboro-High Point, NC MSA	Consistent	Consistent	Consistent

DESCRIPTION OF INSTITUTION'S OPERATIONS IN GREENSBORO-HIGH POINT MSA

The following table provides relevant demographic data for the assessment area.

Summary of Assessment Area Demographics (2000 Census)		
	% Low-Income	% Moderate-Income
Area Families by Income Level	19.1%	17.5%
Families by Geography	4.7%	17.6%
Families < Poverty Level as % of Families by Geography	33.7%	14%
Businesses by Geography	3.3%	20.3%
Owner-Occupied Housing Units by Geography	2%	14.8%
% of Businesses with Revenues ≤ \$ 1 million	89.8%	

Performance Test Data for Greensboro-High Point, NC MSA

LENDING TEST

For calendar year 2004, the bank reported a total of 29 HMDA loans within the assessment area; however, one of these loans did not contain income data and is excluded. Eighty-four business-purpose loans were extended within this assessment area during 2004.

Loan Originations/Purchases - 2004										
	In Low-Income Geographies		In Moderate-Income Geographies		To Low-Income Borrowers		To Moderate-Income Borrowers		To Businesses with Revenues \leq \$1 Million	
	#	%	#	%	#	%	#	%	#	%
HMDA	1	3.4	5	17.2	2	7.1%	3	10.7%		
Small Business	5	6	12	14.3					69	82.1

There were no community development loans extended within this assessment area.

The bank's lending performance in this assessment area is consistent with the overall performance of the institution.

INVESTMENT TEST

As previously mentioned, the bank has invested in the SHCPF. This investment will benefit residents of senior housing facilities located in Guilford County, which is included in this assessment area. Other investments benefiting this market area include investments previously discussed that benefit the statewide area.

SERVICE TEST

The bank operates two branch offices within this assessment area, one of which is located in a moderate-income census tract. One of the branches is in Guilford County and the other in Rockingham County. The branch in Rockingham became a part of the bank with the merger with The Community Bank. Banking services offered in this assessment area are substantially the same as the services available to other communities the bank serves.

Additionally, an employee serves as a board member of the Small Business Incubator for Rockingham County.

NONMETROPOLITAN STATEWIDE AREA

(If none of the assessment areas within the non-metropolitan statewide area were reviewed using the examination procedures)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NONMETROPOLITAN AREAS OF NORTH CAROLINA

SCBT's Iredell County and Surry County assessment areas were reviewed using the limited review examination procedures. Information detailing the composition of the assessment areas is included in the **DESCRIPTION OF INSTITUTION** section of this report. Information about loan volume, branches, and deposits is included in **APPENDIX B** of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IREDELL AND SURRY COUNTIES, NORTH CAROLINA

The following table indicates for each test whether performance in an assessment area was generally below, consistent with, or exceeded the overall performance of the institution. Lending performance was compared to 2003 aggregate data and demographic information derived from 2000 census data. Conclusions regarding performance are as follows:

Assessment Area	Lending Test	Investment Test	Service Test
Iredell County	Consistent	Consistent	Consistent
Surry County	Consistent	Consistent	Consistent

DESCRIPTION OF INSTITUTION'S OPERATIONS IN IREDELL COUNTY ASSESSMENT AREA

The following table provides pertinent demographic statistics for the assessment area. There are no low-income geographies in this assessment area.

Summary of Assessment Area Demographics (2000 Census)		
	% Low-Income	% Moderate-Income
Area Families by Income Level	13.5%	14.8%
Families by Geography	N/A	7.2%
Families < Poverty Level as % of Families by Geography	N/A	21.5%
Businesses by Geography	N/A	8%
Owner-Occupied Housing Units by Geography	N/A	5.1%
% of Businesses with Revenues ≤ \$1 million	91.6%	

Performance Test Data for Iredell County Assessment Area

LENDING TEST

For calendar year 2004, the bank reported a total of 17 HMDA loans within the assessment area; however, one of these loans did not contain income data and is excluded. Twelve business-purpose loans were extended within this assessment area during 2004.

Loan Originations/Purchases - 2004								
	In Moderate-Income Geographies		To Low-Income Borrowers		To Moderate-Income Borrowers		To Businesses with Revenues < \$1 Million	
	#	%	#	%	#	%	#	%
HMDA	1	5.9%	3	18.5%	1	6.3%		
Small Business	0	0%					11	91.7

There were no community development loans extended within this assessment area.

The bank's lending performance in Iredell County is consistent with the overall performance of the institution.

INVESTMENT TEST

Investments benefiting this market area are limited to investments previously discussed that benefit the statewide area.

SERVICE TEST

The bank's branch is located in a middle-income census tract. This office became a part of SCBT with the merger with The Community Bank. Banking services offered in this assessment area are substantially the same as the services available to other communities the bank serves.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SURRY COUNTY ASSESSMENT AREA

The following table provides relevant demographic data for the assessment area. There are no low-income geographies in this assessment area.

Summary of Assessment Area Demographics (2000 Census)		
	% Low-Income	% Moderate-Income
Area Families by Income Level	19.4%	19.1%
Families by Geography	N/A	3%
Families < Poverty Level as % of Families by Geography	N/A	25.4%
Businesses by Geography	N/A	5.1%
Owner-Occupied Housing Units by Geography	N/A	2.3%
% of Businesses with Revenues ≤ \$ 1 million	92%	

Performance Test Data for Surry County Assessment Area

LENDING TEST

For calendar year 2004, the bank reported a total of 62 HMDA loans within the assessment area; however, four of these loans did not contain income data and are excluded. A total of 36 business-purpose loans was extended within this assessment area during 2004.

Loan Originations/Purchases - 2004								
	In Moderate-Income Geographies		To Low-Income Borrowers		To Moderate-Income Borrowers		To Businesses with Revenues \leq \$1 Million	
	#	%	#	%	#	%	#	%
HMDA	3	4.8%	4	6.9%	11	19%		
Small Business	0	0%					33	91.7%

There were no community development loans extended within this assessment area.

The bank's lending performance in Surry County is consistent with the overall performance of the institution.

INVESTMENT TEST

Investments benefiting this market area are limited to investments previously discussed that benefit the statewide area.

SERVICE TEST

The bank operates four branches within this assessment area, all of which are located in middle-income census tracts. These branches became a part of the bank with the consummation of the merger with The Community Bank. Banking services offered in this assessment area are substantially the same as the services available to other communities the bank serves.

CRA APPENDIX A

SCOPE OF EXAMINATION

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION		
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED
Winston-Salem MSA	Full Scope	4701 Country Club Road Winston-Salem
Greensboro-High Point MSA	Limited Scope	None
Iredell NonMSA	Limited Scope	None
Surry NonMSA	Limited Scope	None

CRA APPENDIX B

BRANCH, LOAN, AND DEPOSIT VOLUME BY ASSESSMENT AREA

	Loans				Branches*		Deposits*	
	#	%	\$	%	#	%	\$	%
Winston-Salem MSA	676	73.8	92,226	73.1	11	61.1	618,851	77.8
Greensboro-High Point MSA	113	12.3	18,199	14.4	2	11.1	38,317	4.8
Iredell NonMSA	29	3.2	3,915	3.1	1	5.6	27,074	3.4
Surry County NonMSA	98	10.7	11,881	9.4	4	22.2	110,867	14
TOTALS	916	100	126,221	100	18	100	795,109	100

* Deposit data as of June 30, 2004. Branch and deposit data include The Community Bank branches and deposits.

CRA APPENDIX C

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Block numbering area ("BNA"): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

Census tract: A small subdivision 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. Census tracts 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.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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 nonrelatives 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).

Full review: Performance under the lending, investment and service tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract or a block numbering area delineated by the U. S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act ("HMDA"): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include data such as race, gender and income of applications, amount of loan requested, and disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

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.

Limited review: Performance under the lending, investment and service tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area ("MA"): Any primary metropolitan statistical area ("PMSA"), metropolitan statistical area ("MSA"), or consolidated metropolitan statistical area ("CMSA"), as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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 percent and less than 120 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 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income ("Call Report") and the Thrift Financial Reporting ("TFR") instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as non-mortgage, commercial loans.

Small loan(s) to farm(s): A loan included in "loans to small farms" as defined in the instructions for preparation of the Call Report. These loans have original amounts of \$500 thousand or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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.