



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**October 01, 2001**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**New Commerce Bank, National Association  
Charter Number 23818**

**501 New Commerce Court  
Greenville, SC 29607**

**Comptroller of the Currency  
ADC - Carolinas  
6100 Fairview Road Suite 1154  
Charlotte, NC 28210**

**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.

## 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 Community Reinvestment Act (CRA) performance of New Commerce Bank, Greenville, SC as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of October 1, 2001. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

The following factors support this overall rating:

- C ***Loan to Deposit Ratio*** - The institution exhibits a satisfactory loan-to-deposit ratio.
- C ***Lending in Assessment Area*** - The institution's record of lending to borrowers within its assessment area is satisfactory.
- C ***Lending to Borrowers of Different Incomes and Sizes*** - The institution's record of lending to borrowers' of different income levels and businesses of different sizes is satisfactory.
- C ***Response to Complaints*** - The bank has not received any CRA related complaints since the institution began operations on May 17, 1999.

## DESCRIPTION OF INSTITUTION

New Commerce Bank is a commercial bank with \$25 million in gross loans and \$49 million in total assets as of June 30, 2001. The bank opened for business on May 17, 1999 and currently operates from two full service locations. The main office is located in an upper-income census tract in Mauldin City, Greenville County, and an additional office is located in the nearby community of Simpsonville, which is also in Greenville County. The bank has two proprietary automated teller machines, one at each branch office. The bank also has two cash dispensing machines, one located at Kellet Corner convenience store in Mauldin and the other located at BJ's Quickstop in Simpsonville. The bank is wholly owned by New Commerce Bancorp, a one-bank holding company, with total assets of \$49 million as of June 30, 2001.

New Commerce Bank had average assets of \$46 million with gross loans representing 55% of average assets as of June 30, 2001. Net loans as a percent of total assets totaled 51% for the same time period. Table 1 shown below, provides a breakdown of the bank's loan portfolio by loan category, dollar volume and percentage according to the Uniform Bank Performance Report as of June 30, 2001.

Table 1 - Breakdown by Loan Type

<b>TYPES OF DOMESTIC LOANS OUTSTANDING</b>		
<b>June 30, 2001</b>		
<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial, Industrial and Non-farm, Non-residential Real Estate Loans	\$16,901	67
1-4 Family Residential Loans	\$ 3,101	12
Construction and Land Development	\$ 2,066	8
Installment Loans	\$ 1,881	7
1-4 Family Home Equity Loans	\$ 1,343	5
Other Loan Types, excludes consumer loans	\$ 24	1
<b>Total</b>	<b>\$25,316</b>	<b>100%</b>

Based on lending volume since May 17, 1999, through date of evaluation, the bank's primary business focus is commercial lending and to a lesser extent, residential real estate lending. The bank is not an agricultural lender and has made no agricultural loans. Based on conversations with bank management, the bank's primary lending is commercial loans to small- to medium-sized businesses. Our evaluation is based on analysis of a sample of commercial loans.

The bank is a full service institution that provides various deposit and loan products to individuals and businesses through its Mauldin and Simpsonville offices. The offices are reasonably accessible to all segments of the bank's assessment area, with reasonable hours and services provided. The bank's major competitors within its assessment area include The Palmetto Bank, Carolina First, Grand South Bank and First Citizens Bank. The bank's competition also includes financial institutions such as Bank of America, Wachovia, BB&T, and Carolina Community Bank.

This review disclosed no financial or legal impediments restricting the bank's lending activities. This is the bank's first CRA examination.

## **DESCRIPTION OF "GOLDEN STRIP"**

New Commerce Bank has defined its assessment area as the "Golden Strip" within Greenville County. The "Golden Strip" includes the towns of Simpsonville, Mauldin, and Fountain Inn and unincorporated areas of Enoree and Southside. Greenville County is part of the Greenville-Spartanburg-Anderson Metropolitan Statistical Area (MSA). The bank's assessment area consists of 14 census tracts, of which none are low-income and one is moderate-income, four are middle-income, and nine are upper-income geographies. The total occupied housing units for the assessment area is at 94%, with owner-occupied housing at 68% (17,492 of total housing units) and rental-occupied housing at 26% (6,712 of total housing units). Vacant housing units in the assessment area are at 6% (1,556) of total housing units. The 1990 census reported the population of the assessment area at 64,915. The bank's assessment area meets the legal requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. Table 2 set forth below, reflects the demographics for the assessment area.

Table 2 - Population, Geographies, Median Family Income, and Economic Indicators

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA</b>	
<b>Population</b>	
Number of Families	18,698
<b>Geographies</b>	
Number of Census Tracts/BNA	14
% Low-Income Census Tracts/BNA	0%
% Moderate-Income Census Tracts/BNA	7%
% Middle-Income Census Tracts/BNA	29%
% Upper-Income Census Tracts/BNA	64%
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	\$32,471
2000 HUD-Adjusted MFI	\$48,700
<b>Economic Indicators</b>	
Unemployment Rate, Greenville County*	2.9%
Unemployment Rate, Assessment Area *	.5% to 3.3%
2000 Median Housing Value	\$79,005
% of Households Below Poverty Level	5.31%

\* As of June 30, 2001, SC Employment Security Commission

Within the assessment area, the majority of commercial businesses are located in upper-income census tracts. There are no low-income census tracts and 4.45% of the businesses are located in moderate-income census tracts. Businesses located in upper- and middle-income census tracts represent 73% and 23%, respectively.

The overall economy of the bank's assessment area is experiencing a healthy expansion. There has been steady employment growth in the assessment area the past three years, primarily in construction, services, and trades. Manufacturing has been stable with new industry offsetting the downsizing of existing plants. The largest industries in the assessment area are retail, services, wholesale trade, manufacturing, construction, and finance/insurance/real estate. The largest employers in the bank's market area include Kemet Electronics, Sealed Air Corporation, and Bi-Lo Corporation, Ahol Corporation, Greenville School District, Jacob Serrine Corporation, and Ford Motor Credit. It is noted that BMW Manufacturing Corporation is a large employer in Greenville County. The unemployment rates within the bank's assessment area is low and range from .5% to 3.3% compared to 4.9% for the state of South Carolina, as of June 30, 2001. The unemployment

rate for Greenville County is 2.9%, the highest in the last five months. The increase is due to a tightening of the job market.

Competition in the bank's assessment area includes other community banks, branches of regional institutions, credit unions, and finance companies. The bank's main competitors are branches of regional banks as well as other local community banks. Based on the bank's size and operating history, there are no other similarly situated banks in the assessment area that can be used for comparison purposes.

We determined the credit needs of the community through discussions with management and two local community contacts. The contacts included a local real estate broker and local government council and development office. These contacts did not indicate a need for any type of affordable housing or more flexible loan products. These contacts indicated that financial institutions are meeting community credit needs. Management stated that the community credit needs are small business loans.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

The largest portion of New Commerce Bank's loan portfolio is in commercial loans. Given the bank has primarily been a commercial lender and home mortgage originations are not the bank's primary loan product, our evaluation is based solely on analysis of a sample of commercial loans. Additionally, home mortgage loans were not identified as a community credit need. The bank's volume of originations during our assessment period, from May 17, 1999 through June 30, 2001, included 604 loans totaling \$65 million. For this analysis, we used the bank's lending activity from May 17, 1999 to June 30, 2001 to determine the bank's performance regarding CRA.

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

The quarterly average loan-to-deposit ratio since the bank opened for business in May 17, 1999 is satisfactory at 67%. The bank's average is considered reasonable based on the bank's limited operating history. Due to the bank's status as a new bank, there are no other similarly situated banks in the assessment area that can be used for comparison purposes.

### **Lending in Assessment Area**

The bank extends a substantial majority of its commercial loans within the assessment area. Based on a random sample of 33 business loans originated during May 1999 through July 2001, the bank extended 61% of the number of loans (20 loans) and 70% of the dollar volume to small businesses (\$6,781 million) within the bank's assessment area. The bank's performance is considered satisfactory. Table 3 set forth below, reflects the bank's activity, both inside and outside of its assessment area for commercial loans.

Table 3 - Loans In and Out Assessment Area

TOTAL LOANS REVIEWED								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Commercial	20	61	6,781	70	13	39	2,881	30%

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

#### *Small Business Lending*

We found the institution's distribution of lending among businesses of different sizes reflects satisfactory penetration. Based on a random sample of 20 commercial loans originated during the evaluation period, the bank originated 13 loans totaling \$1,836 million to small businesses, representing 65% of number of loans and 27% of the dollar volume of the sample. Small businesses are defined as companies with gross annual revenues of \$1 million or less.

Although this percentage of number of loans is below the demographics for the assessment area, at 89%, there are mitigating circumstances that have resulted in this below average level of performance. The bank has only been operating for 25 months as of June 30, 2001 and is rapidly expanding its customer base and market niche.

In addition, small business loans of \$100 thousand or less make up a reasonable portion of the bank's commercial loan portfolio. Of the 20 commercial loan originations, 8 of these loans were originated at or below \$100 thousand, which represents 40% of the business originations. Table 4 set forth below, illustrates the bank's lending penetration to businesses of different sizes.

Table 4 - Borrower Distribution to Small Businesses

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES		
Number of Businesses with Revenues of \$1 Million or Less	Number of Loans by Original Amount Regardless of Business Size	
% of Businesses in the Assessment Area*	Percentage of Bank Loans	\$100,000 or less
89%	65%	40%

\* Businesses with revenues of \$1 Million or less as a percentage of all businesses within the bank's assessment area.

### **Geographic Distribution of Business Loans**

A geographic analysis was not performed. There are no low-income census tracts in the bank's assessment area and only one moderate-income census tract. New Commerce Bank did not make any loans in this census tract during this evaluation period. Only a small segment of the assessment area business population operates in this particular geography, approximately 4%. It should also be recognized that there are 164 businesses within this geography. Also, the bank's nearest branch to this geography is approximately 10 miles from the main office.

### **Review of Complaints**

The bank has received no complaints during the assessment period.

**Institution's Record of Complying with the Anti-discrimination Laws**

An analysis of two years public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. Due to the bank's status as a new bank, we have not yet completed a comprehensive fair lending examination.