



## **PUBLIC DISCLOSURE**

June 17, 2013

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Provident Community Bank, National Association  
Charter Number: 24420

2700 Celanese Road  
Rock Hill, SC 29732

Office of the Comptroller of the Currency

Charlotte Field Office  
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 rating include:

- The bank's quarterly average net loan-to-deposit ratio after factoring in performance context is reasonable.
- A substantial majority of loans were made within the bank's assessment areas.
- The bank's lending to borrowers of different income levels and businesses of different sizes exhibited reasonable penetration in their assessment areas.
- The bank's geographic distribution of loans reflected an excellent dispersion throughout census tracts of different income levels.
- There have been no complaints with respect to the bank's CRA performance.
- The bank's community development performance demonstrated adequate responsiveness to the community development needs of its assessment area.

## **Scope of Examination**

Provident Community Bank, National Association (Provident) 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 (AA) through its lending activities. The Community Development Test evaluates the bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and community development services.

The Lending Test for Provident covers its performance from April 1, 2010 through December 31, 2011. The evaluation period for the Community Development Test commenced with the previous CRA examination May 4, 2010 through June 17, 2013.

Provident's primary loan products are home mortgage loans and business loans. Home Mortgage Disclosure Act (HMDA) data was tested and found to be reliable, and was utilized to evaluate the bank's home mortgage lending performance. The bank does not report small business data for CRA purposes. Therefore, we selected a sample of business loans originated between April 1, 2010 and December 31, 2011 to evaluate the bank's business lending performance. Due to sampling guidelines, the sample size for the business loans included all business loans originated during that evaluation period.

## **Description of Institution**

Provident is an intrastate banking institution headquartered in Rock Hill, South Carolina. Provident is wholly owned by Provident Community Bancshares, Inc., a one-bank holding company headquartered in Rock Hill, South Carolina. The bank does not operate any subsidiaries or affiliates. As of March 31, 2013, the bank had total assets of approximately \$355 million and tier one capital of \$24.4 million.

The bank was originally chartered as Union Federal Savings and Loan Association in 1934. After a few variations, the bank ultimately changed its name to Provident Community Bank in 1997 and converted to a national bank charter in 2003. The bank currently operates nine branches, including one in the headquarters location. The bank operates one limited service branch and two full service branches in Rock Hill, two full service branches in Union and one full service branch each in Jonesville, Laurens, Winnsboro and Simpsonville. The bank has not opened or closed any branches during our evaluation period.

The bank's primary loan products are commercial and home mortgage lending. Provident also offers a selection of consumer loans, such as automobile, personal and debt consolidation. Provident reported loan and leases of \$119 million, representing 33.67 percent of total assets. The distribution of the bank's loan portfolio is as follows: commercial and commercial real estate (64.40%), secured by one to four residential or multi-family properties (33.56%) and consumer/other (2.04%).

Provident also offers a wide range of deposit services and products that include business checking, commercial checking, personal checking, savings accounts, certificates of deposits, individual retirement accounts, remote deposit capture and online banking featuring bill pay. In addition to the bank's eight branch ATM locations and one ATM hospital location, the bank offers limited no fee withdrawals at non-Provident ATM's for deposit transaction accounts. Additional information about branch locations and hours, products, fee and services is available at the bank's website: <http://www.providentonline.com>.

On December 21, 2010, Provident entered into a Consent Order with the Office of the Comptroller of the Currency (OCC). The Consent Order requires the Board to develop strategies to maintain sufficient capital amounts, and to reduce the bank's overall credit risk.

There are financial circumstances or legal impediments, which adversely impacted the bank's ability to meet the credit needs of its assessment areas. The bank received a Satisfactory rating at their last CRA examination dated May 03, 2010.

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

Provident has four designated assessment areas (AA) located in South Carolina: Fairfield County, Greenville/Laurens County, Union County, and York County. The AAs satisfy the technical requirements of the CRA and do not arbitrarily exclude low- or moderate-income census tracts. Greenville and Laurens Counties were combined into one assessment area, as they are contiguous counties residing within the same Metropolitan Statistical Area (MSA). The Fairfield County AA received a limited scope review for this examination, while the remaining AAs received full scope reviews. Each AA is described in detail below.

### **York County AA**

The York County AA is composed of the complete County of York. The county is located in the Piedmont region of South Carolina, which borders North Carolina. York County is one of six counties comprising the Charlotte-Gastonia- Rock Hill, NC-SC MSA. The county is located approximately 30 miles southwest of Charlotte, NC and 75 miles north of Columbia, SC. York is the county seat, and Rock Hill is the largest city and commercial center in the AA. Other notable cities in the AA include Fort Mill, Tega Cay, Clover and Smyrna. The bank has two full service branches and one limited service branch in the AA, one of which is located in a moderate-income census tract.

The following table highlights the demographic composition of the AA:

**York County (Charlotte-Gastonia-Rock Hill, NC-SC MSA)**

Demographic Information for Full Scope Area: Provident Bank York County (Charlotte- Gastonia-Rock Hill, NC-SC MSA)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	35	2.86	28.57	54.29	11.43	2.86
Population by Geography	164,614	1.79	21.06	59.69	16.31	1.15
Owner-Occupied Housing by Geography	44,645	1.23	17.15	63.79	17.83	0.00
Business by Geography	17,518	0.90	20.60	51.77	26.64	0.09
Farms by Geography	491	0.00	16.90	66.19	16.90	0.00
Family Distribution by Income Level	45,053	21.03	19.78	24.40	34.79	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	18,386	3.06	29.63	56.76	10.55	0.00
Median Family Income		54,850	Median Housing Value		109,723	
HUD Adjusted Median Family Income for 2011		67,500	Unemployment Rate (2013		9.9%	
Households Below Poverty Level		10%	Bureau of Labor Statistics)			

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 US Census and 2011 HUD updated MFI

Competition in the York County AA is strong. Competitors in the AA include community and large national/regional financial institutions and savings and loans associations. As of June 30, 2012, the Federal Deposit Insurance Corporation reported 17 deposit-taking financial institutions, with 54 offices operating within the assessment area. Provident ranked ninth in deposit market share with 2.68% of the assessment area’s \$2.05 billion in deposits.

The major employers in the AA include Wells Fargo Home Mortgage, CitiFinancial and Ross Distribution.

To understand the credit needs of the AA, information was gathered from a local county government. The contact described York County as an area that is recovering in the financial and employment markets. The contact stated activities that can help the community are programs that assist with training in finance. Another need is a program created by partnering with lending institutions to provide assistance to the low & moderate income demographics to create a city matched savings accounts for individuals to start a small business, a down payment for their first home, or to pay for education.

**Greenville/Laurens County AA**

The Greenville/Laurens County AA is composed of two complete counties, Greenville County and Laurens County. The two contiguous counties comprise two-thirds of the Greenville-Mauldin-Easley, SC MSA. Greenville County is located in the northwestern corner of the state and Laurens County borders it to the southeast. The bank has two

full service branches in Simpsonville and Laurens, one of which is located in a moderate-income census tract. The following table highlights the demographic composition of the AA:

**Greenville/Laurens County (Greenville-Mauldin-Easley, SC MSA)**

Demographic Information for Full Scope Area: Greenville/ Laurens AA (Greenville-Mauldin-Easley, SC MSA)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	100	5.00	27.00	45.00	23.00	0.00
Population by Geography	449,183	2.41	20.62	50.31	26.66	0.00
Owner-Occupied Housing by Geography	122,326	1.35	17.44	52.11	29.10	0.00
Business by Geography	47,470	3.24	14.77	49.10	32.89	0.00
Farms by Geography	988	1.72	10.43	63.66	24.19	0.00
Family Distribution by Income Level	121,591	19.85	17.86	21.26	41.02	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	45,861	4.09	30.43	51.69	13.79	0.00
Median Family Income		47,387	Median Housing Value		101,833	
HUD Adjusted Median Family Income for 2011		58,300	Unemployment Rate (2013		6.4% (Greenville County)	
Households Below Poverty Level		11%	Bureau of Labor Statistics)		7.5% (Laurens County)	

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2011 HUD updated MFI

Competition in the Greenville/Laurens County AA is strong. Competitors in the AA include community and large national/regional financial institutions and savings and loans associations. As of June 30, 2012, the Federal Deposit Insurance Corporation reported 33 deposit taking financial institutions with 214 offices operating within the AA. Provident ranks twenty-fifth in deposit market share with .47 percent of the AA's \$11.2 billion in deposits.

The major employers in Greenville County are the School District of Greenville County, Greenville Hospital System, and Michelin North America, Inc. The major employers in Laurens County are Lauren's County School District, Wal-Mart Distributors and South Carolina State Government.

To understand the credit needs of the AA, we contacted one community development organization in the AA that assists small business development. The contact characterized the local economy as stable over the last several years as the area was not adversely impacted by numerous layoffs and closing of businesses. The significant need is for small dollar business loans between \$10 thousand and \$50 thousand. The contact stated obtaining financing for these smaller dollar amounts is often more difficult for small business to obtain as many banks are more interested in originating larger real estate secured commercial loans.

**Union County AA**

The Union County AA is composed of the complete County of Union, which is a Non-MSA. The county is centrally located in the upstate region of South Carolina. This AA includes two full service branches and a stand-alone ATM located in Union and one full service branch located in Jonesville. One branch and ATM are located in moderate-income census tracts while the two remaining branches are located in middle-income census tracts. The eight middle-income census tracts in Union County are categorized as distressed middle-income non-MSA census tracts due to high unemployment and poverty levels. The following table highlights the demographic composition of the AA:

**Union County (Non-MSA)**

Demographic Information for Full Scope Area: Union County (Non MSA)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	9	0.00	11.11	88.89	0.00	0.00
Population by Geography	29,881	0.00	9.74	90.26	0.00	0.00
Owner-Occupied Housing by Geography	9,265	0.00	7.94	92.06	0.00	0.00
Business by Geography	1,900	0.00	11.58	88.42	0.00	0.00
Farms by Geography	53	0.00	9.43	90.57	0.00	0.00
Family Distribution by Income Level	8,528	19.86	18.96	25.14	36.03	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	3,311	0.00	12.02	87.98	0.00	0.00
Median Family Income		38,927	Median Housing Value		56,106	
HUD Adjusted Median Family Income for 2011		47,700	Unemployment Rate (2013		12.8%	
Households Below Poverty Level		16%	Bureau of Labor Statistics)			

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 US Census and 2011 HUD updated MFI

Competition in the Union County AA is moderate. Competitors in the AA include community and large national/regional financial institutions. As of June 30, 2012, the Federal Deposit Insurance Corporation reported five deposit-taking financial institutions with 10 offices operating within the AA. Provident ranked second in deposit market share with 40.91% of the AA \$302 million in deposits.

The major employers in the AA include Union County Schools, Carolina’s Medical Center-Union and Tysons Farms, Inc.

**Fairfield County AA**

The Fairfield County AA is composed of the complete County of Fairfield, which is one of the six counties that make up the Columbia, SC MSA. The county is located in the upper piedmont region of South Carolina, situated between the Broad River on the west and Lake Wateree on the east. This AA is home to one full service branch, which is located in a moderate-income census tract in Winnsboro. The following table highlights the demographic composition of the AA.

**Fairfield County (Columbia, SC MSA)**

Demographic Information for Full Scope Area: Fairfield County (Columbia, SC MSA)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	5	0.00	60.00	40.00	0.00	0.00
Population by Geography	23,454	0.00	55.20	44.80	0.00	0.00
Owner-Occupied Housing by Geography	6,799	0.00	51.17	48.83	0.00	0.00
Business by Geography	1,407	0.00	54.44	45.56	0.00	0.00
Farms by Geography	38	0.00	47.37	52.63	0.00	0.00
Family Distribution by Income Level	6,377	34.04	20.76	20.50	24.70	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	3,495	0.00	60.29	39.71	0.00	0.00
Median Family Income		49,202	Median Housing Value		62,864	
HUD Adjusted Median Family Income for 2011		63,600	Unemployment Rate (2013 Bureau of Labor Statistics)		10.1%	
Households Below Poverty Level		21%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2011 HUD updated MFI

Competition in the Fairfield County AA is moderate. Competitors in the AA include community and large national financial institutions. As of June 30, 2012, the Federal Deposit Insurance Corporation reported three deposit-taking financial institutions with five offices operating within the AA. Provident ranks second in deposit market share with 30.73% of the AA \$165 million in deposits.

The major employers in the AA include V.C. Summer Nuclear Station, Fairfield County School District and The Ben Arnold-Sunbelt Beverage Company of South Carolina.



## **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 reasonable and a substantial majority of loans were made within the four defined assessment areas. Lending to borrowers of different incomes and to businesses of different sizes exhibited reasonable penetration. The bank's geographic distribution of loans reflected an excellent dispersion throughout census tracts of different income levels. Community development activities demonstrated an adequate responsiveness to assessment area needs.

Several contributing factors were also considered to determine the bank's cumulative CRA performance rating. First, business lending was allocated a greater weight in determining the bank's performance under the Lending Test, as the bank generated a greater percentage of commercial loans during the evaluation period.

Next, performance in all assessment areas (AAs) were not treated equally. Greater emphasis was placed on the bank's performance in the Union County and York County AAs, the bank's primary lending markets during the evaluation period. The volume of lending generated in Fairfield County was not significant enough to yield a meaningful analysis; therefore, the AA was evaluated under a limited-scope review. The Union County AA was responsible for approximately forty-eight (48) percent of the bank's lending activity during the evaluation period and given a full-scope review. The York County AA was responsible for approximately twenty-three (23) percent of the bank's lending activity during the evaluation period and given a full-scope review.

Finally, local economic conditions, relatively high local poverty and unemployment rates, competition from other financial institutions, and the prevailing financial capacity of this institution to lend or make investments, were also considered to determine the bank's overall CRA performance rating.

### **LENDING TEST**

Provident's performance under the Lending test is rated satisfactory. The bank's quarterly average net loan-to-deposit ratio is reasonable, considering the bank's size, limited financial capacity to lend and the credit needs of the assessment area (AA). A substantial majority of loans were made within the bank's four AAs. Provident's lending to borrowers of different incomes and to businesses of different sizes exhibited reasonable penetration within the AAs. The bank's geographic distribution of loans reflected an excellent dispersion throughout census tracts of different income levels. All criteria of the Lending Test are documented below.

## Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is reasonable. Provident's quarterly average LTD ratio since the last CRA examination dated May 3, 2010 is 55.35%. Although the percentage meets the technical standard for a needs to improve rating, it is considered reasonable for this institution considering the bank's asset size, limited financial capacity to lend and lending opportunities in the assessment areas. During this period, the ratio ranged from a quarterly low of 41.96 percent to a quarterly high of 71.27 percent.

The bank's LTD ratio compares less than reasonably with other community banks of similar size located in or near the bank's assessment area, without regard to the banks capacity to lend. Provident ranked seventh among seven comparable community bank's with asset sizes ranging from \$322 million to \$379 million. The other six banks had an average net loan-to-deposit ratio of 83.36 percent during the evaluation period. The comparable institutions exhibited an average LTD ratio that ranged from a low of 78.01 percent to a high of 94.93 percent.

## Lending in Assessment Area

A substantial majority of loans were made within the bank's four assessment areas, which meets the standard for outstanding performance. Performance for home mortgage and small business lending, the bank's primary products, is detailed in the following table.

Assessment Area Lending (Evaluation Period April 11, 2010-December 31, 2011)										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	2	66.67%	1	33.33%	3	101	33.33%	202	66.67%	303
Refinance	18	94.74%	1	5.26%	19	989	86.98%	148	13.02	1,137
Home Improvement	21	91.30%	2	8.70%	23	125	91.91%	11	8.09	136
Small Business	49	81.67%	11	18.33%	60	5,830	64.83%	3,163	35.17	8,993
Totals	90	85.71%	15	14.29%	105	7,045	66.66%	3,524	33.34%	10,569

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

Provident's lending to borrowers of different incomes to and businesses of different sizes exhibits reasonable penetration within the bank's assessment areas (AAs). The bank's distribution of home mortgage loans to families of different income levels demonstrated reasonable penetration. Lending to business of different sizes also exhibited reasonable penetration, in particular with regard to small business lending.

York County AA

Provident’s distribution of loans in the AA demonstrated a reasonable penetration to borrowers of different sizes. The distribution of home mortgage loans exhibited reasonable penetration among families of different income levels. The distribution of loans to businesses of different sizes also reflected reasonable penetration.

*Home Mortgage*

The distribution of home mortgage loans to families of different income levels exhibited reasonable penetration. Home refinance loans were the only product incorporated into our review, as it was the only product that generated sufficient volume in the AA to allow for a meaningful analysis. The bank’s volume of lending to low-income families in the AA does not meet the standard for satisfactory performance and is well below the demographic comparator. However, the bank’s lending to moderate-income families exceeds the standard for satisfactory performance, as is reflected in the below table.

The AA exhibited several characteristics that negatively impacted the bank’s ability to lend to low- and moderate-income families, such as 1) a relatively high percentage of AA households living below the poverty level and 2) strong competition for lending opportunities from other financial institutions.

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.

<b>Borrower Distribution of Home Mortgage Loans in York 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 Refinance	21.03	0.00	19.78	42.86	24.40	14.29	34.79	42.86

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

*Business Loans*

The distribution of loans to businesses of different sizes reflects reasonable penetration. Seventy-one (70.59) 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 satisfactory compared to the demographic data that identifies approximately sixty-eight (68) percent of the area’s businesses as small businesses. The distribution of loans by dollar amount was also reviewed to determine the bank’s distribution adequacy. Eighty-two (82.38) percent of the business loans in our sample were under \$250 thousand, which provides additional support for a reasonable distribution of loans to small businesses.

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

<b>Borrower Distribution of Loans to Businesses/Farms in York County AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	68.48	2.68	28.84	100%
% of Bank Loans in AA by #	70.59	29.41	0	100%
% of Bank Loans in AA by \$	47.06	52.94	0	100%

Source: Loan sample, 2000 Census, Dunn and Bradstreet data

<b>Borrower Distribution of Loans to Businesses by Loan Size in York County AA</b>				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans (\$000)	Percent of Dollar Volume
\$0 - \$100,000	11	64.71	361	12.70
\$100,001 - \$250,000	3	17.65	457	16.07
\$250,001 - \$500,000	1	1	275	9.67
\$500,001 - \$1,000,000	3	17.65	1,750	61.55
Over \$1,000,000	0	0	0	0
Total	17	100	2,843	100

Source: Loan sample

### Greenville/Laurens County AA

Provident’s distribution of loans in the AA demonstrated reasonable penetration to borrowers of different sizes. Home mortgage loans originated in the AA did not generate sufficient volume in the AA to merit a meaningful analysis. The distribution of loans to businesses of different sizes reflected reasonable penetration.

#### *Business Loans*

The distribution of loans to businesses of different sizes reflected reasonable penetration. Seventy-one (71.43) 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 satisfactory compared to the demographic data that identifies approximately sixty-six (66) percent of the area’s businesses as small businesses. The distribution of loans by dollar amount was also reviewed to determine the bank’s distribution adequacy. Ninety-three (92.86) percent of the businesses loans in our sample were under \$250 thousand, which provides additional support for a reasonable distribution of loans to small businesses.

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

<b>Borrower Distribution of Loans to Businesses/Farms in Greenville/Laurens County AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	65.55	3.27	31.18	100%
% of Bank Loans in AA by #	71.43	28.57	0	100%
% of Bank Loans in AA by \$	6.68	93.32	0	100%

Source: Loan sample, 2000 Census, Dunn and Bradstreet data

<b>Borrower Distribution of Loans to Businesses by Loan Size in Greenville/Laurens County AA</b>				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans (\$000)	Percent of Dollar Volume
\$0 - \$100,000	9	64.29	391	27.57
\$100,001 - \$250,000	4	28.57	750	52.89
\$250,001 - \$500,000	1	7.14	277	19.53
\$500,001 - \$1,000,000	0	0	0	0
Over \$1,000,000	0	0	0	0
Total	14	100	1,418	100

Source: Loan sample

### Union County AA

Provident's distribution of loans in the AA demonstrated a reasonable penetration to borrowers of different sizes. The distribution of home mortgage loans exhibited reasonable penetration among families of different income levels. The distribution of loans to businesses of different sizes also reflected reasonable penetration.

#### *Home Mortgage*

The distribution of home mortgage loans to families of different income levels exhibited reasonable penetration. Our review of home mortgage lending in the AA incorporated an analysis of home improvement and home refinance loans originated during the evaluation period. The bank's volume of lending to low- and moderate-income families is near the demographic comparator for a satisfactory performance.

The following table shows the distribution of home loans products among borrowers of different levels as compared to the percent of families in each income category.

<b>Borrower Distribution of Home Mortgage Loans in Union 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 Improvement	19.86	30.77	18.96	30.77	25.14	15.38	36.03	23.08
Home Refinance	19.86	12.50	18.96	12.50	25.14	37.50	36.03	37.50

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

**Business Loans**

The distribution of loans to businesses of different sizes reflects reasonable penetration. Eighty-three (83.33) percent of the bank’s sampled loans to business 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 satisfactory compared to the demographic data that identifies approximately seventy-two (72) percent of the area’s businesses as small businesses. The distribution of loans by dollar amount was also reviewed to determine the bank’s distribution adequacy. Ninety-two (91.66) percent of the businesses loans in our sample were under \$250 thousand, which provides additional support for a reasonable distribution of loans to small businesses.

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

<b>Borrower Distribution of Loans to Businesses/Farms in Union County AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	72.05	1.68	26.26	100%
% of Bank Loans in AA by #	83.33	16.67	0	100%
% of Bank Loans in AA by \$	2.99	97.01	0	100%

Source: Loan sample, 2000 Census, Dunn and Bradstreet data

<b>Borrower Distribution of Loans to Businesses by Loan Size in Union County AA</b>				
Loan Size (000’s)	Number of Loans	Percent of Number	Dollar Volume of Loans (\$000)	Percent of Dollar Volume
\$0 - \$100,000	10	83.33	280	26.49
\$100,001 - \$250,000	1	8.33	193	9.75
\$250,001 - \$500,000	0	0	0	0
\$500,001 - \$1,000,000	1	8.33	673	63.76
Over \$1,000,000	0	0	0	0
Total	12	100	1,055	100

Source: Loan sample

Conclusion for Fairfield County Limited-Scope AA

Based on a limited scope review, performance in the Fairfield County AA is not inconsistent with the lending performance exhibited by the bank's full-scope assessment area.

<b>Borrower Distribution of Home Mortgage Loans in Fairfield 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 Improvement	34.04	66.67	20.76	33.33	20.50	0	24.70	0

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

**Geographic Distribution of Loans**

Provident's geographic distribution of loans reflected an excellent dispersion throughout census tracts of different income levels. Home mortgage loans and business loans were the primary lending products evaluated to determine the bank's lending performance. Home mortgage loans in the AA reflected an excellent dispersion throughout census tracts of different income levels, including low- and moderate-income census tracts. Commercial lending also exhibited an excellent dispersion throughout census tracts of different income levels, with excellent responsiveness to the credit needs of businesses residing in low- and moderate-income census tracts. No conspicuous gaps or areas of low penetration were identified during the review.

York County AA

Provident's geographic distribution of loans in the AA reflected a reasonable dispersion throughout census tracts of different income levels. The distribution of home mortgage and business loans exhibited reasonable dispersion throughout census tracts of different income levels. Greater emphasis was given to business lending as that lending comprised sixty-four (64) percent of the bank's loan portfolio.

*Home Mortgage*

The bank's geographic distribution of home mortgage loans in the AA reflected an excellent dispersion throughout census tracts of different income levels, including low- and moderate-income tracts. Home refinance loans were the only product incorporated in our review, as it was the only product that generated sufficient volume in the AA to merit a meaningful analysis. The bank's home mortgage lending performance in low- and moderate-income census geographies exceeded the standard for satisfactory performance. The percentage of home refinance loans originated or purchased in low- and moderate-income census tracts is well above the comparable percentage of owner occupied housing units located within the census tracts.

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

<b>Geographic Distribution of Residential Real Estate Loans in York 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 Refinance	1.23	14.29	17.15	57.14	63.79	28.57	17.83	0

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

### *Business Loans*

The bank's geographic distribution of business loans reflected a reasonable dispersion throughout census tracts of different income levels. Lending to businesses located in low-income census tracts was not considered due to the minimal percentage of businesses residing within the AA. However, the bank's lending to businesses in moderate-income census tracts is near to the percentage of businesses residing within the AA.

<b>Geographic Distribution of Loans to Businesses/Farms in York County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Business	0.90	0	20.60	17.65	51.77	76.47	26.64	5.88

Source: Indicate source, i.e., loan sample or data collected by bank, U.S. Census data.

### Greenville/ Laurens County AA

Provident's geographic distribution of loans in the AA reflected an excellent dispersion throughout census tracts of different income levels. The distribution of home mortgage and business loans exhibited an excellent dispersion throughout census tracts of different income levels.

### *Home Mortgage*

The bank's geographic distribution of home mortgage loans in the AA reflected an excellent dispersion throughout census tracts of different income levels, including low- and moderate- income census tracts. The bank's home mortgage lending performance in moderate-income geographies exceeded the standard for satisfactory performance. The bank's lending performance in low-income geographies was given lesser weight due to the limited number of owner occupied housing units located in the AA.



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

<b>Geographic Distribution of Residential Real Estate Loans in Greenville/Laurens 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 Improvement	1.35	0.00	17.44	75.00	52.11	25.00	29.10	0.00
Home Refinance	1.35	0.00	17.44	60.00	52.11	40.00	29.10	0.00

Source: Data reported under HMDA; 2000 U.S. Census data

**Business Loans**

The bank’s geographic distribution of business loans reflects an excellent dispersion throughout census tracts of different income levels. The bank’s lending performance in low-income geographies was given lesser weight due to the limited number of businesses located within those census tracts. The bank’s lending to businesses located in moderate-income census tracts exhibited outstanding performance, as the loans generated in these areas greatly exceeded the percentages of businesses residing within the AA.

<b>Geographic Distribution of Loans to Businesses/Farms in Greenville/Laurens County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans
Business	3.24	0.00	14.77	21.43	49.10	71.43	32.89	7.14

Source: Commercial loan sample; 2000 U.S. Census data

**Union County AA**

Provident’s geographic distribution of loans in the AA reflected an excellent dispersion throughout census tracts of different income levels. The distribution of business loans exhibited excellent dispersion throughout census tracts of different income levels. Greater weight was given to the distribution of business loans verses home mortgage loans due to the relatively low percentage of owner occupied households in low- and moderate income census tracts in the AA. Finally, lending opportunities in a low- or moderate-income census tract are limited as there are no low-income census tracts and only one moderate-income census tract.

*Business Loans*

The bank’s geographic distribution of business loans reflects an excellent dispersion throughout census tracts of different income levels. The bank’s lending to businesses located in moderate-income census tracts exhibited outstanding performance, as the loans generated in these areas greatly exceeded the percentages of businesses residing within the AA.

<b>Geographic Distribution of Loans to Businesses/Farms in Union County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Business	0.00	0.00	11.58	100.00	88.42	0.00	0.00	0.00

*Source: Commercial loan sample; 2000 U.S. Census data.*

Conclusions for the Fairfield County Limited-Scope AA

Home mortgage lending in the AA did not generate sufficient volume to merit a meaningful analysis.

**Responses to Complaints**

The bank has not received any CRA-related consumer complaints during the evaluation period.

**COMMUNITY DEVELOPMENT TEST**

The Community Development Test is rated Satisfactory. The bank has exhibited adequate responsiveness to community development (CD) needs of the assessment areas AAs through CD lending, investments and services. The bank’s CD activities primarily consisted in providing affordable housing, community services and small business development. While these activities are not innovative or complex, they did fulfill an identified need in the AA.

Several contributing factors were considered to determine the bank’s Community Development Test performance. Provident’s financial capacity to lend or make qualified investments was factored into evaluating the bank’s responsiveness. The bank’s AA exhibited significant competition from other lending institutions, which further increased the competition for limited CD loan opportunities. Finally, additional consideration was given to CD activities that benefitted the greater South Carolina region, as the bank adequately addressed the needs of its designated assessment area.

## Performance in the York County AA

The bank has demonstrated adequate responsiveness to the community development needs of this AA, considering its performance context and the needs and opportunities within the AA. The bank's limited capacity to provide CD loans and investments were considered in the performance evaluation. While the bank did not originate any CD loans or make any qualified investments that directly affected the AA, the bank provided exceptional support for qualified investments that benefitted the greater South Carolina region.

### *Community Development Loans*

The level of community development lending in the York County AA is needs to improve. The bank did not originate any community development loans in the AA during the evaluation period.

### *Qualified Investments*

The bank did not make any qualified investments in the AA during the evaluation period.

### *Community Development Services*

The bank's level of community development services demonstrates adequate responsiveness to the community development needs of its assessment areas. The bank operates three (3) branches in the assessment area, one of which is located in a moderate-income census tract in Rock Hill, SC.

Four (4) bank officers provided community development services to three (3) qualifying programs in the AA. The qualifying services included the following:

- One bank officer served as vice-chairman and president of a regional development corporation that promotes job development and provides supplemental financing for new or expanding businesses.
- Two bank officers served on the board and marketing committee of an economic development corporation that promotes job creation and growth in distressed areas of the county.
- One bank officer serves as board chair for a community service organization that provides afterschool and summer programs for children. Sixty-percent of the children in the program participate in free or reduced lunch programs. The bank also donates office space to this program for their monthly board meetings.

### Performance in the Greenville/Laurens AA

The bank has demonstrated adequate responsiveness to the community development needs of the AA considering its performance context and the needs and opportunities within the AA. While the bank did not originate any CD loans or make any qualified investments that directly affected the AA, the bank provided exceptional support for qualified investments that benefitted the greater South Carolina region.

#### *Community Development Loans*

The level of community development lending in the Greenville / Laurens assessment area (AA) is needs to improve. The bank did not originate any community development loans in the AA during the evaluation period.

#### *Qualified Investments*

The bank did not make any qualified investments that directly benefitted the AA during the evaluation period.

#### *Community Development Services*

The bank operated two (2) branches in the assessment area, one of which is located in a moderate-income census tract in Laurens, Sc. Bank employees provided no CD services during the evaluation period.

### Performance in the Union County AA

The bank has demonstrated adequate responsiveness to the community development needs of this AA, considering its performance context and the needs and opportunities within the AA.

#### *Community Development Loans*

The bank originated two (2) community development loans in the AA during the evaluation period, totaling approximately \$32 thousand. The loans were not innovative, complex or responsive to an identified community need but did provide a valuable service for the LMI population. The following highlights community development lending in the AA:

- In 2010, the bank originated two loans to a special needs organization totaling \$32 thousand. The funds allowed the entity to purchase transport vehicles that enabled LMI residents with disabilities access to medical treatment.

### *Qualified Investments*

The bank did not make any qualified investments that directly benefitted the AA during the evaluation period.

### *Community Development Services*

Provident's level of community development services demonstrated adequate responsiveness to the community development needs of its assessment area. The bank operates one stand-alone ATM in a moderate-income census tract and three (3) branches in the assessment area, one of which is located in a moderate-income census tract and two that are located in distressed middle-income non-metropolitan census tracts.

Two (2) bank officers provided community development services to two (2) qualifying programs in the AA. The qualifying services included the following:

- One bank officer served as vice-chairman and president of a regional development corporation that promotes job development and provides supplemental financing for new or expanding businesses.
- One officer served on the funding oversight committee for a work force investment organization that assists LMI individuals with education assistance and job training.

### Performance in the Fairfield County Limited-Scope AA

Based on a limited-scope review, performance in the Fairfield County AA is not inconsistent with the community development performance exhibited by the bank's full-scope assessment areas. The bank made three (3) CD loans totaling \$923 thousand, which provided a line-of-credit for a hospital that primarily serves Medicare / Medicaid patients, assisted a disabilities and special needs organization to build a new administrative building, and financed the purchase of a transport vehicle. One bank officer serves on the fundraising committee for a disabilities and special needs organization that provides services to LMI individuals. The bank operates one branch in the AA, which is located in a moderate-income census tract.

### Performance in South Carolina

In addition to community development (CD) activities that directly benefitted their assessment areas, the bank also participated in CD activities that benefitted the entire state of South Carolina. The following activities were considered to determine the bank's overall CD performance:

### *Community Development Investments*

Provident made two (2) qualified CD investments that benefited the larger South Carolina region during the evaluation period. The investments totaled approximately \$997 thousand and included:

- The bank had one (1) prior period investment with a remaining balance of \$878 thousand in a fund that assisted an entity that develops affordable housing for LMI families. The funds resulted in 878 units of affordable housing in South Carolina. Approximately 27 percent of the funding dollars benefited the bank's assessment areas and added 238 units of affordable housing. The Greenville/Laurens County AA benefited from 142 units of affordable housing, while the Fairfield County AA benefited from 96 units of affordable housing.
- The bank holds a certificate of deposit worth approximately \$120 thousand at a minority owned bank. The bank offers personalized products and services to traditionally underserved communities and to small businesses.

### **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.