



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

August 13, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Community Resource Bank, National Association
Charter Number 21398**

**1820 Columbia Road, N.E.
Orangeburg, SC 29116**

**Comptroller of the Currency
Carolinas Field Office
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.

INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING: THIS INSTITUTION IS RATED SATISFACTORY.

Community Resource Bank, NA's performance rating is supported by the following factors:

- A more than reasonable loan-to-deposit ratio;
- A majority of its loans originated in the assessment area (AA);
- A reasonable dispersion of loans in the assessment area to borrowers of different income levels and businesses of different sizes, particularly to small businesses;
- A reasonable geographic distribution of loans in the assessment area; and
- No complaints related to CRA during this evaluation period.

DESCRIPTION OF INSTITUTION

Community Resource Bank, National Association (CRB) is an intrastate bank headquartered in Orangeburg, South Carolina. The bank (formerly known as Orangeburg National Bank) was established in 1987 and is a wholly owned subsidiary of Community Bankshares, Inc (CBI), a holding company also headquartered in Orangeburg. On October 1, 2006, CBI merged its four subsidiary banks into one bank charter now known as CRB. Orangeburg National Bank was the surviving chartered bank with Sumter National Bank, Florence National Bank, and the Bank of Ridgeway merged into the bank. CBI also changed the name of Orangeburg National Bank to the current name prior to the merger. As of January 1, 2007, a nonbank affiliate, Community Resource Mortgage Company, merged into the bank. CRB had total assets of \$236 million as of September 30, 2006. CBI had total assets of \$579 million as of December 31, 2006, and \$576 million of the total assets were assets of CRB as of as of December 31, 2006.

This evaluation focuses on the bank's pre-merger performance activities due to only six months of operations as a consolidated institution. We used Small Bank CRA Examination Procedures, because the bank did not qualify as an Intermediate Small Bank as it did not have assets of at least \$258 million as of December 31 of both of the prior two calendar years. The bank was not a Home Mortgage Disclosure Act reporter, because it had no offices in a Metropolitan Statistical Area. To assess home mortgage lending activities we selected a sample of loans. We also used sampling for commercial lending activities since the bank is not required to collect CRA business data. The evaluation period is from January 1, 2004 through September 30, 2006.

Prior to the merger, the bank operated two full service banking offices in Orangeburg with automated teller machines and drive through facilities. CRB offers a full range of banking products and services. As of September 30, 2006, loans totaled \$170 million and deposits totaled \$202 million. Loans represented 72 percent of total assets. The distribution of CRB's loan portfolio was as follows: 1-4 family residential properties (30 percent); commercial and

commercial real estate (58 percent); consumer loans (10 percent); and farm loans (2 percent). As illustrated by the loan mix, CRB is primarily a commercial and residential lender. CRB's tier one capital was \$19 million, and the risked-based capital to risk weighted assets ratio was 13 percent. There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its AA.

CRB's CRA performance was rated "Satisfactory" in the last public evaluation dated October 16, 2001. The affiliate banks that merged with CRB also had "Satisfactory" CRA performance ratings at their last evaluations.

DESCRIPTION OF ORANGEBURG AND CALHOUN COUNTIES

The bank's AA meets the technical requirements of the CRA and does not arbitrarily exclude low- and moderate-income census tracts. During the evaluation period, CRB's AA included Orangeburg County and two census tracts in Calhoun County. Both counties are contiguous and rural; however, Calhoun County is part of the Columbia Metropolitan Statistical Area #17900. The AA consists of one low- (5 percent), four moderate- (18 percent), fifteen middle- (68 percent) and two upper- (9 percent) income census tracts. CRB has two banking offices, one located in census tract 113 (low-income tract) and the other in census tract 114 (middle-income tract and distressed) during this rating period. Orangeburg County has fourteen middle income census tracts that are considered distressed due to the high unemployment level of the AA. The distressed middle-income census tracts are 101, 102, 103, 105, 106, 107, 108, 114, 115, 116, 117, 118, 119, and 120. With the consolidation of affiliate banks, the bank's AA has increased to include all of Calhoun, Orangeburg, Richland, Sumter, Florence, and Fairfield Counties; however, an analysis of performance would not be meaningful during this rating period due to the short time as a consolidated entity (Less than six months).

Approximately 27 thousand families and 38 thousand households reside in the AA. Of the total families, 27 percent are classified as low-income, 17 percent are moderate-income, 20 percent are middle-income, and 36 percent are upper-income. The total population of the AA is approximately 102 thousand. The AA is distressed due to a high rate of unemployment and poverty. As of December 31, 2006, the Orangeburg County unemployment rate was at 9.5 percent and was higher than the state unemployment rate of 6.5 percent. The unemployment rate for Calhoun County was 7 percent. The median family income for the AA is \$47,718. Twenty-one percent of households are below the poverty level.

The AA is highly dependent upon manufacturing jobs, and many of these jobs, particularly textiles have closed or relocated over seas. Some of the manufacturing jobs have seasonal lay-offs that tend to inflate the unemployment rate. Major employers include Husqvarna (2,300 employees), Orangeburg education District 5 (1,200 employees), Orangeburg County (720 employees), Sara Lee Bakery (550 employees) and Koyo Corporation (550 employees).

Competition in the AA is strong. There are ten financial institutions with banking offices in the

AA. Competitors include several community banks, branches of two multinational banks, and offices of regional banking companies. CRB is ranked second in deposit market share in this AA with a market share of 19 percent according to the most recent Federal Depository Institutions Corporation's Market Share Report as of June 30, 2006.

We made two community contacts during this examination. Agencies contacted primarily focused on business development and the revitalization of downtown Orangeburg. The primary credit needs mentioned were loans for small business owners and loans to support the college student housing shortage.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

LOAN-TO-DEPOSIT RATIO

- **The average loan-to-deposit ratio (LTD) is more than reasonable.**

CRB's average LTD ratio of 88 percent for the rating period is more than reasonable based on the bank's capacity and opportunities to lend within its AA. For comparison purposes, there are no similarly situated institutions in the bank's AA based on the size of the institution. However, the bank's LTD ratio consistently exceeds other banks of similar size throughout the nation.

LENDING IN ASSESSMENT AREA

- **CRB extended a majority of its loans within the assessment area.**

A sample of residential and commercial loans indicates that 85 percent of the number and 77 percent of the dollar volume of loans were in the AA. A more detailed breakdown of the major loan types is illustrated in the following table.

Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential	153	85	27	15	180	11,351	73	4,140	17	15,491
Commercial	554	85	94	15	648	67,440	78	18,757	12	86,197
Totals	707	85	121	15	828	78,791	77	22,897	23	101,688

Source: Loan Samples.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND BUSINESSES OF

DIFFERENT SIZES

- **CRB's lending to borrowers of different income levels and businesses of different sizes is reasonable.**

Residential Mortgages

We selected a random sampled of 30 residential mortgage loans but found no low-income borrowers in the sample. This performance is below the statistics on demographics considering that 27 percent of the families in the AA are low-income. However, 41 percent of the low income families in the AA live below the poverty level making it difficult for them to qualify for a mortgage loan. The median sales value of a home in the assessment area is \$59,489. Based on the updated median family income, low- income is considered less than \$23,859.

Lending to moderate-income borrowers represented 33 percent of the number of loans and 14 percent of the dollar volume of loans in the sample. This performance indicates that the number of loans originated exceeds the statistics on demographics while the dollar volume of lending is below the demographic percentage of 18 percent. The following table illustrates the percentage of the number of loans originated by the bank compared to the family demographics of the area by income level.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Orangeburg and Calhoun Counties								
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
Residential Mortgages	27	0	14	14	20	62	36	25

Source: Loan Sample

The bank offers affordable housing programs for low- and moderate-income individuals through the South Carolina Housing Authority and the Federal National Mortgage Association (FNMA).

The bank also offers home purchases and refinances insured by the Federal Housing Administration (FHA) and the Veterans Administration (VA). The bank did extend loans under these programs during the rating period but none of these loans were in our sample and all of them were to moderate-income individuals. The lowest income level in the group was \$24,432 which is slightly above the low-income cutoff of \$23, 859. The bank extended four loans totaling \$419 thousand under the FNMA Flex 100 program that provides financing for 100 percent of the purchase price. Two loans totaling \$239 thousand were originated under the South Carolina

Housing Authority, program for low- and moderate-income individuals with a minimum down payment of 3 percent at a lower than usual market rate for a term of 15, 20, or 30 years. Two loans totaling \$248 thousand were originated under the FHA program, and the bank made one VA loan totaling \$95 thousand.

Small Business Lending

Base on a sample of 30 commercial loans, CRB's lending to small businesses is reasonable. CRB made 93 percent of the number and 94 percent of the dollar volume of the loans to small businesses (businesses with annual revenues of \$1 million or less). This level of lending is comparable with demographic information that shows small businesses represent 94 percent of all businesses in the AA, as illustrated in the following table.

Table 2A - Borrower Distribution of Loans to Businesses in Orangeburg and Calhoun Counties				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	94	6	0	100%
% of Bank Loans in AA by #	93	7	0	100%
% of Bank Loans in AA by \$	94	6	0	100%

Source: Loan sample

GEOGRAPHIC DISTRIBUTION OF LOANS

- **CRB's geographic distribution of loans is reasonable.**

Residential Mortgages

We selected a sample of 30 residential mortgages to assess geographic distribution. There is one low-income geography in the assessment area, census tract 113. There were no loans in our sample made for residential loans in this low-income geography; however, the bank did provide documentation showing that one residential loan for \$19 thousand had been extended in the area during this rating period. Demographics indicate that this geography has slightly less than 1 percent owner occupancy for residential properties.

Lending to moderate-income geographies represented 17 percent of the number of loans and 14 percent of the dollar volume of loans in the sample. This performance indicates that the number of loans originated exceeds the statistics on demographics while the dollar volume of lending is near the demographic percentage. The following table illustrates the percentage of the number of loans originated by the bank compared to the owner occupied housing demographics of the area by census tract income level.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Orangeburg and Calhoun Counties

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
Residential Mortgages	.92	0	14	17	72	72	13	11

Source: Loan Sample.

Small Business Lending

In terms of commercial loans, CRB made 4 percent of their loans in low-income geographies and 6 percent of the dollar volume. For moderate-income geographies, the bank extended 20 percent of the number of loans and 22 percent of the dollar volume. The performance in low-income areas is near the statistics on demographics while performance in moderate-income geographies exceeds demographics, as illustrated in the following table.

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
Commercial	7	4	16	20	64	57	13	19

Source: Loan Sample.

RESPONSES TO COMPLAINTS

The bank had no CRA related complaints.

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.