



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

November 03, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Community Bank, National Association
Charter Number 22808**

**5455 Sunset Boulevard
Lexington, SC 29072**

**Comptroller of the Currency
ADC Leon Wade, Jr. - Carolinas (Charlotte)
6100 Fairview Road Suite 1154
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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.

First Community Bank (FCB) has a satisfactory record of meeting community credit needs. This rating is based upon the following:

- The bank's loan-to-deposit ratio is reasonable;
- A majority of the bank's loans is originated within the bank's Assessment Area (AA);
- The bank's lending to borrowers of different incomes and to businesses of different sizes is reasonable;
- An adequate penetration of the commercial loans sampled was made to businesses with revenues of less than \$1 million; and
- The geographic distribution of loans is reasonable.

DESCRIPTION OF INSTITUTION

FCB is an intrastate institution headquartered in Lexington, South Carolina with six full service offices, one in Richland County and five in Lexington County. All locations have drive-up facilities and automatic teller machines. First Community Corporation, a one-bank holding company in Lexington, South Carolina, wholly owns FCB. First Community Corporation reported total assets of \$208 million as of June 30, 2003 and \$195 million as of December 31, 2002.

Lexington is within the Columbia, South Carolina, Metropolitan Statistical Area (MSA). The bank began operations in August 1995 with the opening of its main office. Since then, it opened additional offices in September 1995 (upper-income census tract #112.01), March 1999 (upper-income census tract #211.05), November 1999 (moderate-income census tract #203.00), March 2000 (middle-income census tract #213), and February 2001 (212.00 upper-income census tract #212.00). During the evaluation period, the last three offices (serving 17 census tracts) were opened.

FCB reported total assets of \$206 million as of June 30, 2003 and \$193 million as of December 2002. FCB offers a full range of banking products and services. As of June 30, 2003, loans totaled \$112 million and deposits totaled \$183 million. Loans represent 53% of total assets. The distribution of FCB's loan portfolio was as follows: commercial and commercial real estate (66%), 1-4 family residential properties (28%); consumer (5%), and other loans (1%). The bank has less than 1% (0.11 %) in agriculture related loans.

As illustrated by their loan mix above, FCB is primarily a commercial lender, and to a lesser extent, a home mortgage lender. The bank's primary focus is to businesses with revenues typically greater than \$1 million. This is consistent with the institution's overall strategic goals and objectives. Demographics show that 69% of the businesses in the bank's AA are in middle- and upper-income census tracts. In addition, 75% of the census tracts in the bank's AA are middle-to-upper income.

As a result of the distribution of loans, our analysis of the bank's CRA performance was limited to a sample of business loans for the period of July 1, 1999 to December 31, 2002 and home mortgage loan information contained in the Home Mortgage Disclosure Act Loan Application Register (HMDA-LARs) from 1999 to 2002.

FCB's Tier One Capital is \$14 million and its total risk-based capital to risk weighted assets equals approximately 12%, as of June 30, 2003. Tier One Leverage Capital equaled 7.14%. FCB provides brokerage services that have no impact on the bank's CRA performance. FCB received a "Satisfactory" performance rating in its previous CRA public evaluation dated August 2, 1999. The bank continues to operate without any financial or legal obstacles that affect its ability to meet community credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The bank's AA includes a three contiguous county area located in the central region of South Carolina. The counties include Richland, Lexington, and Newberry. Richland and Lexington counties are part of the Columbia MSA. The AA is comprised of 56 census tracts (also referred to as geographies). The bank's primary service area is in Richland and Lexington County. The bank only serves one census tract that is located in Newberry County. Within this defined area, there are 6 low-income geographies (11%), 7 moderate-income geographies (13%), 20 middle-income geographies (36%), 22 upper-income geographies (39%), and 1 non-applicable geography. Set forth below is a brief demographic narrative relative to the MSA and non-MSA counties, comprising the bank's AA. FCB's main banking office is located in census tract 210.06, which is a middle-income tract.

The bank's West Columbia-Cayce branch is located in census tract 203.00, a moderate-income tract, that serves 67% of the low-income (four tracts) and 43% (three tracts) of the moderate-income census tracts in the bank's AA. The Forest Acres branch is located in census tract 112.01, an upper-income tract that serves 33% of the low-income (two tracts) and 43% (three tracts) of the moderate-income census tracts within the bank's AA. The Gilbert branch is located in census tract 213.00, a middle-income tract that serves 14% (one tract) of the moderate-income census tracts.

Competition in the AA is strong. There are 20 financial institutions with 162 offices operating in this AA that consist of several multinational and regional bank branches, community banks, credit unions, and finance companies. FCB ranks seventh in deposit market share for this AA with 2.37% of the county deposit base.

Approximately 65,135 families reside in the AA. Of this total, 16% are classified low-income,

16% are moderate-income, 24% are middle-income, and 44% are upper-income. The total population of the AA is approximately 244,174. Total housing units are 101,134 with owner-occupied housing units at 64%, rental-occupied at 27%, and vacant housing units at 8% of the AA. Lending to borrowers of different incomes was evaluated based on the 2002 statewide MSA median family income of \$56,173.

The following is a brief description of the bank's assessment area by county and its economic profile.

The Richland County assessment area consists of the following census tracts:

11.00, 12.00, 13.00, 14.00, 15.00, 16.00, 17.00, 18.00, 19.00, 20.01, 20.02, 21.00, 22.00, 23.00, 24.00, 25.00, 26.00, 27.00, 28.00, 103.02, 103.03, 103.04, 103.5, 111.01, 111.02, 112.01, 112.02, 113.01, 116.03, 116.04

The 1990 census reported 30 census tracts within this AA. The AA consists of 6 low-income census tracts, 4 moderate-income census tracts, 8 middle-income census tracts, 11 upper-income census tracts, and 1 not applicable geography. According to the 1990 census, Richland County has a population of 285,720 and approximately 67,604 families reside in Richland County. Housing units totaled 109,564 with a composition of 55% owner-occupied housing units, 38% rental-occupied units, and 7% vacant housing units.

As of June 30, 2003, the non-seasonally adjusted unemployment rate for the county was 4.8%, which is below the statewide average of 6.6%. The area economy is highly dependent on government, services, and trade. The top five employers include Palmetto Health Alliance Inc., University of South Carolina, Richland County School Districts, Blue Cross Blue Shield of South Carolina, and State of South Carolina.

Competition in the AA is strong. There are 16 financial institutions with 98 offices operating in this AA that include several multinational and regional bank branches, community banks, credit unions, and finance companies. FCB ranks eighth in deposit market share for this AA and holds 2.37% of the county deposit base.

The Lexington County assessment area consists of the following census tracts:

202.01, 202.02, 203.00, 205.05, 205.06, 205.07, 205.08, 205.09, 206.01, 206.02, 207.01, 209.00, 210.04, 210.05, 210.06, 210.07, 210.08, 210.09, 211.02, 211.04, 211.05, 211.06, 212.00, 213.00, 214.00

The 1990 census reported 25 census tracts within this AA. There are no low-income tracts in this AA. The AA consists of 3 moderate-income census tracts, 12 middle-income census tracts, and 10 upper-income census tracts. According to the 1990 census, Lexington County has a population of 167,611 and approximately 47,274 families reside in Lexington County. Total housing units are 67,556 with owner-occupied housing units at 69%, rental-occupied units at 22%, and vacant housing units at 2%.

As of June 30, 2003, the non-seasonally adjusted unemployment rate for the county was 3.4%,

which is below the statewide average of 6.6%. The area economy is highly dependent on trade, services, manufacturing, and government. The top five employers include Lexington County School Districts, Lexington County Health Service, United Parcel Service, Columbia Farms Inc., and Michelin Tire Corporation.

Competition in the AA is strong. There are 12 financial institutions with 51 offices operating in this AA that consist of several multinational and regional bank branches, community banks, credit unions, and finance companies. FCB ranks fifth in deposit market share for this AA and holds 6.03% of the county deposit base.

The Newberry County Non-MSA Assessment Area:

The Newberry County assessment area consists of one census tract within this county. The census tract is 9506.00, which is an upper-income geography. Newberry County is located in the central Piedmont region of South Carolina. It is also the 28th largest county in South Carolina. According to the 1990 census, Newberry County has a population of 33,172 and approximately 9,005 families reside in Newberry County. Housing units totaled 14,455 with a composition of 65% owner-occupied housing units, 20% rental-occupied units, and 15% vacant housing units.

As of June 30, 2003, the non-seasonally adjusted unemployment rate for the county was 7.2%, which is above the statewide average of 6.6%. The area economy is highly dependent on manufacturing, services, government, and trade. The top five employers include Kraft Foods, Newberry County School District, Renfro Corporation, Newberry County Memorial Hospital, and Georgia-Pacific Corporation.

Competition in the AA is modest. There are seven financial institutions with 13 offices, operating in this AA that consist of several multinational and regional bank branches, community banks, credit unions, and finance companies. FCB's AA consists of one census tract in Newberry County. The FDIC market share report for June 30, 2003 did not report FCB's ranking.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Our analysis included an evaluation of commercial and home mortgage loans. These loan categories represent the primary loan products comprising the loan portfolio. We also identified small business and residential mortgage products as credit needs within the community. We selected a random sample of 21 commercial loans and used home mortgage loan information to assess the bank's CRA performance.

Loan-to-Deposit Ratio

FCB's average loan-to-deposit ratio for the period of July 1, 1999 to December 31, 2002 is 64%. This ratio indicates reasonable responsiveness to AA credit needs. Although the bank faces strong competition in its AA, none of the bank's competitors are considered similarly situated, particularly in terms of length of time in business, asset size, and operating history. However, the bank's average loan-to-deposit ratio is lower compared to banks of similar size throughout the nation at 76%.

Lending in the Assessment Area

Based on our commercial loan sample and analysis of home mortgage information, the bank originates a majority of its loans within the AA. Overall, 76% of the FCB loan originations are within the AA (82% of the dollar volume). By loan product, 74% of the number of loans (140 loans) and 82% of the dollar volume (\$11.5 million) of home mortgage loans were originated within the bank's AA. In terms of commercial loans, 86% of the number (18 loans) and 90% of the dollar volume (\$2.1 million) were originated within the AA.

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

FCB's distribution of commercial loans is reasonable. FCB originated 70% of its commercial loans to small businesses (businesses with revenues of \$1 million or less). This level of performance is slightly below the AA demographic information. Small businesses represent 81% of all businesses in the AA. The bank's performance is reasonable given the AA is heavily banked. The level of competition in the AA limits the bank's ability to serve this segment of the AA. There are 19 other financial institutions with 162 offices in Lexington (48 offices), Richland (95 offices), and Newberry County (13). However, the majority (75%) of FCB's commercial loans were originated at amounts of \$100 thousand or less. The bank's performance is also considered reasonable given the bank's primary focus is to businesses with revenues typically above \$1 million.

FCB's distribution of home mortgage loans is reasonable. The bank originated 8% and 18% of their home mortgage loans to low- and moderate-income borrowers during the evaluation period, respectively. Demographic information shows that 16% of the families in the AA are low-income and 16% are moderate-income. The bank's lending volume to low-income borrowers is below AA demographics but is mitigated given that 47% of the low-income families within the AA live below the poverty level making it difficult for these families to afford and maintain a home.

Geographic Distribution of Loans

FCB's distribution of commercial loans is reasonable. The bank's commercial lending in low- and moderate-income geographies represents 10% and 14% of its commercial lending activity, respectively. The bank's commercial lending in low-income geographies is comparable to the 10% demographic information, but its commercial lending in moderate-income geographies is below demographics. Demographic information shows that 21% of the businesses are located in moderate-income census tracts. The bank's level of distribution is reasonable given the highly competitive banking environment. FCB's West Columbia and Forest Acres branches compete with 35 branches of other financial institutions that also serve these low- and moderate-income

geographies. Of the 13 low-and moderate-income geographies in the bank's AA, the West Columbia-Cayce branch serves seven, the Forest Acres branch serves five, and the Gilbert branch serves one. As stated earlier, there are 20 financial institutions, with 162 offices, present in the bank's AA.

FCB's distribution of home mortgage loans is reasonable. In low-income census tracts, the bank made 2% of its loans in these areas. In moderate-income tracts, the bank made 6% of its loans in these areas. The distribution of low- and moderate-income loans is below demographic data of 1% and 11% of owner-occupied units located in those geography income levels, respectively. The bank's performance to low- and moderate-income borrowers is mitigated by the fact that this is not a primary product line for the institution. Other mitigating factors include the following: (1) Eight per cent of housing units in low-income census tracts and 23% in moderate-income census tracts are rental occupied, (2) Twelve per cent of housing units in low-income census tracts and 23% in moderate-income census tracts are vacant, and (3) FCB operates in a highly competitive banking environment that impacts the bank's ability to lend.

Responses to Complaints

FCB has not received any complaints during this evaluation period related to its performance in helping meet the AA's credit needs.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.