



PUBLIC DISCLOSURE

May 19, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Piedmont FS & LA of Gaffney
Charter Number 702502

1229 W Floyd Baker Blvd Gaffney, SC 29341-1413

Office of the Comptroller of the Currency

212 South Tryon 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.

Summarize the major factors supporting the institution's rating.

- First Piedmont maintained a more than reasonable loan-to-deposit ratio throughout the review period surpassing institutions similar in size. For the preceding 12 quarters ending December 31, 2013, First Piedmont's average loan-to-deposit ratio was 93.34 percent.
- The institution originated 95.64 percent of its loans within the assessment area. This represents a significant majority both in the number of loans and dollar volume. In addition, it shows the institution is effectively serving the community within its assessment area.
- First Piedmont's percentage of loans granted to borrowers of different income levels was reasonable in comparison to demographic and peer lending benchmarks. The Institution offers several products designed to meet the credit needs of low- and moderate-income individuals.
- The Institution's record of lending in low- and moderate-income census tracts is reasonable in comparison to the percentage of owner-occupied housing availability and peer lending benchmarks.

Scope of Examination

We performed a full-scope evaluation of First Piedmont Federal Savings and Loan Association's (First Piedmont) performance using small bank Community Reinvestment Act (CRA) examination procedures. This Performance Evaluation (PE) assesses the bank's performance under the Lending Test and the Community Development Test. The Lending Test evaluates the bank's record of meeting the credit needs of its assessment area (AA) through its lending activities. The Community Development (CD) Test evaluates the bank's responsiveness to CD needs in its AA through CD lending and community development services. Our review covered the bank's CRA performance from January 1, 2011 through December 31, 2013. Based upon the bank's business strategy and the loans originated during the evaluation period, we determined that home mortgage loans are the bank's primary loan product. As a result, we reviewed the home mortgage loans reported under the Home Mortgage Disclosure Act (HMDA) from January 1, 2012 through December 31, 2013. We used 2010 U.S. Census data to analyze the bank's home lending for the period from January 1, 2012 through December 31, 2013.

In evaluating the bank's lending performance, we reviewed home mortgage loans reported under the Home Mortgage Disclosure Act (HMDA). The evaluation period for the Lending Test and CD Test is January 1, 2011 through December 31, 2013. The 2010 census data provided benchmarks for an analysis of the bank's 2012 and 2013 mortgage lending activity.

Data Integrity

In July 2013, we conducted an evaluation of the integrity of First Piedmont's publicly filed HMDA information to verify the accuracy of data. The test included an evaluation of the bank's processes to ensure that the data was reliable. The bank's processes, procedures, and internal controls for HMDA data collection, verification, and reporting are satisfactory. No systemic reporting errors or problems were identified. This evaluation is based on accurate data.

Description of Institution

First Piedmont is a federally-chartered, mutual savings association, headquartered in Cherokee County, South Carolina. First Piedmont operates six full service branch offices located in Cherokee and Spartanburg counties. There are three branch offices located in the city of Gaffney within Cherokee County. Three additional branches are located in Spartanburg County within the cities of Spartanburg and Boiling Springs. All six branches are open between 8:30 a.m. to 5:00 p.m. Monday through Friday. Each branch has a drive-thru with operating hours of 8:00 a.m. to 5:00 p.m. Monday through Thursday, and until 6:00 p.m. on Friday. The main office is the only branch open on Saturdays with lobby and drive thru hours of 8:45 a.m. to 12:00 p.m. All branches include an onsite Automated-Teller Machine (ATM). First Piedmont also has two

freestanding ATMs located at 859 Hyatt Street in Gaffney, South Carolina, and 302 West Cherokee Street in Blacksburg, SC.

First Piedmont operates as a traditional savings association, concentrating its operations on residential mortgage loans and various deposit products. First Piedmont offers conventional fixed- and variable-rate mortgage loans, construction loans, subordinate lien mortgage loans and revolving equity lines of credit. Consumer loans are offered on a fixed-rate basis. Commercial loans are available with fixed- and variable-rates, as well as fixed-rate with a balloon period.

The Institution offers a number of deposit products such as a No Fee Checking Account. This free checking account is not specifically targeted to low to moderate income (LMI) individuals but the account's features make it affordable for LMI individuals to maintain a checking account. First Piedmont also offers a NOW checking account, money market accounts, and investment and high yield checking accounts. In addition, business checking accounts are also available. According to retail deposit data as of June 30, 2013 from the Federal Deposit Insurance Corporation (FDIC), First Piedmont's retail deposits totaled approximately \$232.3 million.

As of December 31, 2013, First Piedmont reported total assets of \$317 million, total net loans of \$223 million, and total deposits of \$228 million. By dollar amount, 70 percent of the bank's loan portfolio consists of residential loans. The following table summarizes the components of the loan portfolio:

Table 1 – Analysis of Loans on Call Report		
Loan Type	Amount	%
1-4 family construction	\$10,263	4.56%
Other construction	\$22,758	10.10%
1-4 Family revolving	\$21,576	9.58%
1-4 First Family First Lien	\$95,800	42.53%
Jr. Lien	\$3,322	1.47%
Multi-family	\$4,522	2.01%
Non Residential Owner Occupied	\$11,425	5.07%
Other Non-Residential	\$45,109	20.03%
Commercial	\$7,315	3.25%
Consumer	\$3,137	1.39%
Total	\$225,227	100.00%

Description of Assessment Areas

Piedmont Federal's assessment area (AA) includes two adjoining counties, Cherokee and Spartanburg, in South Carolina. The bank's AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income tracts. Spartanburg County is part of the Spartanburg, SC Metropolitan Statistical Area (MSA). However, adjoining Cherokee County is not located in an MSA. According to 2012 Census data, Spartanburg County contains 69 census tracts, including five low-income, 17 moderate-income, 32 middle-income, and 15 upper-income census tracts. The following table summarizes key demographic information in Spartanburg County, SC.

Table 2 - Demographic Information for First Piedmont Federal Savings & Loan Administration Spartanburg County					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	69	7.25	24.64	46.38	21.74
Population by Geography	284,307	4.27	22.00	49.39	24.34
Owner Occupied Housing by Geography	75,765	1.73	17.16	53.25	27.86
Family Distribution by Income Level	74,223	21.54	17.69	20.36	40.41
2010 Census Median Family Income (MFI)		\$53,149	Median Housing Value		\$117,404
HUD Updated MFI: 2013		\$54,700	Families Below Poverty Level		14.99%

According to the 2010 U.S. Census data, Cherokee County contains 11 census tracts, including two moderate-income, nine middle-income, and two upper-income census tracts. There are no low-income census tracts. **Table 3** contains a summary of key demographic information for Cherokee County, SC.

Table 3 - Demographic Information for First Piedmont Federal Savings & Loan Administration Cherokee County					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	13	0.00	15.38	69.23	15.38
Population by Geography	55,342	0.00	10.33	72.59	17.85
Owner Occupied Housing by Geography	23,825	0.00	11.16	69.51	19.33
Family Distribution by Income Level	13,569	0.00	14.08	68.30	17.61
2010 Census Median Family Income (MFI)		\$46,847	Median Housing Value		\$82,748
HUD Updated MFI: 2013		\$47,500	Families Below Poverty Level		20.74%

Spartanburg and Cherokee Counties have begun to rebound from the effects of the recession. However, Cherokee County's recovery has been slower than what Spartanburg County has experienced over the last couple of years. The unemployment rate for Cherokee County is 6.6 percent, while the unemployment rate for Spartanburg County is 5.0 percent, compared to the South Carolina and national unemployment

rates of 5.3 percent and 6.3 percent, respectively. Although the manufacturing sector has led the recovery of the area over the last couple of years, job growth is expected to accelerate in healthcare and tourism-related fields over the next few years. The area's largest employers include Nestle USA, Spartanburg and Cherokee County Schools, Spartanburg Regional Medical Center, and BMW. The area's housing market is also slowly rebounding, and area housing remains affordable. Additionally, the AA benefits from a relatively low cost of living.

There is substantial banking competition for both loans and deposits in Spartanburg and Cherokee Counties, SC. Competition exists among large national and regional institutions, community banks, and credit unions. A total of 21 other financial institutions operate 82 offices in the AA. First Piedmont ranks 6th out of 21 financial institutions for its market share of deposits with 5.7 percent deposit market share based upon the June 30, 2013 FDIC Summary of Deposit Market Share Report. Major banking competitors in the AA include:

- Branch Banking and Trust Company (BB&T) ranks 1st in deposit market share (13.14 percent) with 9 offices;
- Wells Fargo Bank, NA ranks 2nd in deposit market share (12.30 percent) with 9 offices; and
- SunTrust bank ranks 3rd in deposit market share (11.67 percent) with 6 offices

Conclusions with Respect to Performance Tests

LENDING TEST

First Piedmont Federal's LTD ratio is reasonable and meets standards for satisfactory performance. In addition, the majority of Piedmont Federal's loans are within the AA. The bank's geographic distribution of loans reflects reasonable dispersion throughout the AA. The distribution of borrowers also reflects reasonable penetration among borrowers of different income levels.

Loan-to-Deposit Ratio

First Piedmont's quarterly average loan-to-deposit ratio is more than reasonable and exceeds the standards for satisfactory performance in this area given the bank's size, financial condition, and community credit needs. As reflected in Table 4, the bank's quarterly average loan-to-deposit ratio during the 12 quarters since the last CRA evaluation equals 93.34 percent. During this time, the ratio ranged from a quarterly low of 87.06 percent to a quarterly high of 97.90 percent. First Piedmont's quarterly average net loan-to-deposit ratio reflects a strong volume of lending compared to other South Carolina financial institutions of similar size. The quarterly average loan-to-deposit ratio for financial institutions of similar size was 71.06 percent over the same 12 quarters. The average peer ratios ranged from a quarterly low of 66.44 percent to a quarterly high of 76.52 percent during that time period.

Table 4 - Loan-To-Deposit Ratio January 2011 – December 2013					
	Peer	First Piedmont		Peer	First Piedmont
Mar-11	76.52%	97.90%	Sep-12	72.61%	94.61%
Jun-11	73.03%	96.95%	Dec-12	69.46%	94.35%
Sep-11	72.50%	93.63%	Mar-13	68.93%	91.66%
Dec-11	73.20%	92.80%	Jun-13	68.15%	91.48%
Mar-12	71.01%	87.06%	Sep-13	69.64%	93.29%
Jun-12	71.25%	88.59%	Dec-13	66.44%	97.78%
			AVG	71.06%	93.34%

Lending in Assessment Area

During the evaluation period, a majority (95.64 percent of the total number of residential loans) of First Piedmont Federal’s residential loans are inside the AA. Based on the percentage of lending in the AA, the bank’s performance meets standards for satisfactory performance. The following table reflects First Piedmont Federal’s record of HMDA-reportable loan originations inside and outside the AA from January 1, 2011 through September 30, 2013. The results of this analysis are shown in Table 5 below:

Table 5 – Mortgage Loans Originated Within/Outside the AA January 1, 2011 through September 30, 2013				
Originations	Number	Percentage	Dollar Amount (\$000)	Percentage
Within	790	95.64%	\$115,245	94.28%
Outside	39	4.46%	\$6,990	5.72%
TOTAL	826	100.00%	\$122,235	100.00%

Lending to Borrowers of Different Incomes

Overall, First Piedmont’s lending to low- and moderate-income borrowers was reasonable in relationship to both demographic and peer benchmarks. Based on the data presented below, First Piedmont’s overall level of lending to borrowers of different income levels meets the standard for satisfactory performance for this criterion. The results of our geographical analysis are detailed below.

Spartanburg County

First Piedmont’s record of lending to borrowers of different income levels within the assessment area was compared to demographic characteristics and aggregate HMDA lending patterns. The bank’s 2012 and 2013 distribution of loans reflects reasonable penetration among borrowers of different income levels in Spartanburg County. Table

6A presents First Piedmont's lending to borrowers of different income levels within Spartanburg County.

Table 6a – Lending to Borrowers of Different Income Levels in AA January 1, 2012 through December 31, 2013 – Spartanburg MSA						
Income Category	Percent of MFI	Number	No. Pct.	Volume (\$000s)	Pct. of \$	Distribution of Families In AA
Low	<50%	36	8.16%	\$2,982	4.05%	21.54%
Moderate	≥50-<80%	60	13.61%	\$6,145	8.34%	17.69%
Middle	≥80-<120%	95	21.54%	\$11,320	15.36%	20.36%
Upper	≥120%	250	56.69%	\$53,272	72.26%	40.41%
Total		441	100.00%	\$73,719	100.00%	100.00%

First Piedmont's lending to low-income borrowers in Spartanburg County was below the percentage of low-income families. However, this is mitigated by the family poverty rate and economic conditions, which affect lending opportunities to low-income borrowers. As reflected in 2010 U.S. Census Data, approximately 14.99 percent of low-income families are living below the poverty level. This factor would most likely preclude these families from homeownership, as they may lack the financial resources to obtain mortgage loans. In addition, the unemployment rate in Spartanburg County in 2010 was 5.66 percent. First Piedmont's lending to moderate-income borrowers did approximate the percentage of moderate-income families within the Spartanburg AA. The percentage of the number of home purchase loans to moderate-income borrowers is 13.61 percent, compared to 17.69 percent of moderate-income families in the AA.

Cherokee County

Table 6B – Lending to Borrowers of Different Income Levels in AA January 1, 2012 through December 31, 2013 – Cherokee County						
Income Category	Percent of MFI	Number	No. Pct.	Volume (\$000s)	Pct. of \$	Distribution of Families In AA
Low	<50%	15	5.03%	\$688	1.99%	21.67%
Moderate	≥50-<80%	44	14.77%	\$3,367	9.75%	18.39%
Middle	≥80-<120%	86	28.86%	\$8,878	25.72%	20.64%
Upper	≥120%	153	51.34%	\$21,588	62.54%	39.30%
Total		298	100.00%	\$34,521	100.00%	100.00%

Table 6B presents First Piedmont's lending to borrowers of different income levels within Cherokee County. First Piedmont made 5.03 percent of home purchase loans to low-income borrowers in the Cherokee County, compared to 21.67 percent low-income families. As with Spartanburg, First Piedmont's lending to low-income borrowers in Cherokee County is reasonable, given the poverty rate amongst low-income families (20.74 percent). In Cherokee County, 20.74 percent of low-income families are living

below the poverty level. In addition, the unemployment rates were 8.89 percent. These factors would most likely preclude these families from homeownership. First Piedmont's lending to moderate-income borrowers did approximate the percentage of moderate-income families within the Spartanburg AA. The percentage of the number of home purchase loans to moderate-income borrowers is 14.77 percent, compared to 18.39 percent of moderate-income families in the AA.

The table below compares the bank's figures to other lenders within the assessment area.

Table 7 - First Piedmont Federal Savings & Loan Association 2012 & 2013 HMDA Lending In Assessment Area					
Borrower Income Level	First Piedmont (Spartanburg)		First Piedmont (Cherokee)		Other Lenders
	% of No.	Distribution of Families	% of No.	Distribution of Families	% of No.
Low (<50%)	8.16%	21.54%	5.03%	21.67%	10.00%
Moderate (50-79%)	13.61%	17.69%	14.77%	18.39%	24.95%
Middle (80-119%)	21.54%	20.36%	28.86%	20.64%	25.42%
Upper (>120)	56.69%	40.41%	51.34%	39.30%	39.63%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Table 7 compares First Piedmont's lending to the lending activity of all federally regulated financial institutions. While the bank's distribution of loans to low- and moderate-income borrowers have improved since the prior CRA examination, the distribution compares negatively to the percentage of loans originated by other lenders. First Piedmont faces serious competition from much larger institutions such as Bank of America, Wells Fargo Bank, and BB&T who continuously top the market share list. These institutions are larger and have more branches and resources, which allow them to reach more borrowers throughout the assessment area.

Geographic Distribution of Loans

Overall, First Piedmont's distribution of loans in the AA reflects reasonable dispersion among low- and moderate-income geographies. Although the bank's penetration of LMI census tracts within Spartanburg County was significantly below the percentage of owner-occupied housing units in these tracts, mitigating factors exist to explain the bank's lack of loans in the geographies. The results of our geographical analysis are detailed below.

Spartanburg County

First Piedmont's geographic distribution of loans reflects reasonable dispersion within Spartanburg County. Table 8A presents the geographic distribution of loans compared to the percentage of owner-occupied housing units. The distribution of loans in low-

income geographies is much lower than the percentage of owner-occupied housing units in low-income census tracts. In addition, the distribution of loans in moderate-income census tracts is significantly below the percentage of owner-occupied housing units in moderate-income census tracts.

Table 8A - Geographic Distribution of Loans In Spartanburg County January 1, 2012 through December 31, 2013						
Income Category	Percent of MFI	Number	No. Pct.	Volume (\$000)	Pct. of \$	Distribution of OOHUs in AA
Low	<50%	0	0.00%	0	0.00%	1.73%
Moderate	≥50-<80%	43	9.01%	5,155	6.71%	17.16%
Middle	≥80-<120%	215	45.07%	32,834	42.73%	53.25%
Upper	≥120%	219	45.91%	38,845	50.56%	27.86%
Total		477	100.00%	76,834	100.00%	100.00%

However, the bank’s lower dispersion of loans in LMI geographies is mitigated by several factors. We also compared First Piedmont’s geographic distribution of loans to lending activity of HMDA lenders. Table 8B compares the bank’s distribution in Spartanburg County to other HMDA lenders. Peer distribution of loans in low-income census tracts is also significantly below the percentage of owner-occupied housing units. In addition, First Piedmont’s distribution of loans in moderate-income census tracts is in line with the distribution of loans in moderate-income census tracts by other lenders.

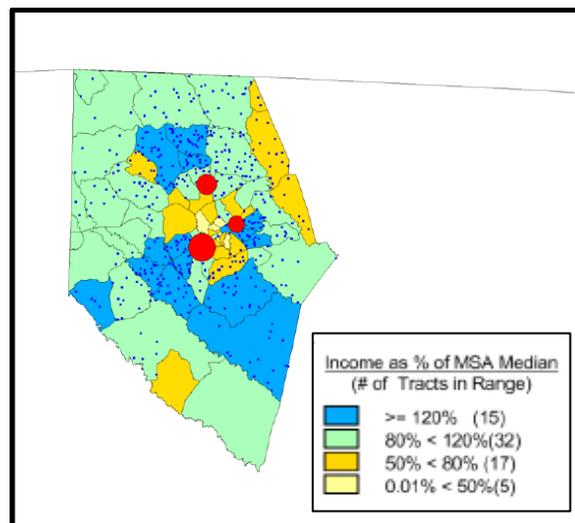
Table 8b - Income Category Spartanburg County	Piedmont Federal (2012-2013)		2012 Aggregate HMDA	Distribution of OOHU In AA
	Number of Loans	Percent of Loans		
Low = <50%	0	0.00%	0.44%	1.73%
Moderate = 50-79%	43	9.01%	9.84%	17.16%
Middle = 80-119%	215	45.07%	53.23%	53.25%
Upper = ≥ 120%	219	45.91%	36.49%	27.86%
Total	477	100.00%	100.00%	100.00%

First Piedmont’s low distribution is also mitigated by the fact that there are a relatively low number of low-and moderate-income level census tracts within the county. During the review period, of the 790 loans originated in the AA, 477 or 60.38 percent were secured by properties located in Spartanburg County. Spartanburg County contains 69 census tracts, including 5 low- and 17 moderate-income census tracts. Low- and moderate-income census tracts comprise 32 percent of all census tracts in Spartanburg County. The substantial majority of First Piedmont’s loans during this same period were concentrated in middle-and upper-income census tracts, which account for 68 percent of all census tracts in the AA. Additionally, within the county, 48.56 percent of

households in low-income tracts, and 21.94 percent of households within moderate-income tracts are below the poverty level according to 2010 census data.

First Piedmont’s low disbursement in LMI areas in Spartanburg County is also mitigated by its lack of branch offices in LMI geographies. Within Spartanburg County, the bank has three branch offices, which are located in two middle- and one upper-income geographies.

Chart 1: Spartanburg County Census Tracts by Income Levels



An analysis of 2012 Market Share data for originations in LMI tracts, showed First Piedmont ranked eleventh out of 104 institutions lending within the assessment area. The top three institutions with the highest market shares were Wells Fargo Bank, First Citizens Bank, and BB&T, respectively. These three institutions are much larger than First Piedmont; they have more branches and overall resources. The two institutions that ranked tenth and twelfth place had market shares of 2.55 percent and 2.12 percent, which were close in relation to First Piedmont’s 2.41 percent. This data reaffirms that First Piedmont shares the market with highly competitive institutions as it continues to struggle for a piece of the market share.

The aforementioned mitigating factors explain First Piedmont’s inability to effectively reach LMI areas within Spartanburg County. In considering these factors, First Piedmont’s performance with respect to this criterion meets standards for satisfactory performance concerning geographic distribution of loans in Spartanburg County.

Cherokee County

First Piedmont’s geographic distribution of loans reflects reasonable dispersion within Cherokee County. Table 8C presents the geographic distribution of loans compared to the percentage of owner-occupied housing units. The distribution of loans in moderate-

income census tracts is below the percentage of owner-occupied housing units in moderate-income census tracts.

Table 8C- Geographic Distribution of Loans In Cherokee County January 1, 2012 through December 31, 2013						
Income Category	Percent of MFI	Number	No. Pct.	Volume (\$000)	Pct. of \$	Distribution of OOHUs in AA
Low	<50%	0	0.00%	0	0.00%	0.00%
Moderate	≥50-<80%	14	4.47%	868	2.26%	11.16%
Middle	≥80-<120%	180	57.51%	21,794	56.74%	69.51%
Upper	≥120%	119	38.02%	15,749	41.00%	19.33%
Total		313	100.00%	38,411	100.00%	100.00%

We also compared First Piedmont’s geographic distribution of loans to lending activity of HMDA lenders. Table 8D compares the bank’s distribution in Cherokee County to other HMDA lenders. The bank’s distribution of loans in moderate-income census tracts approximates the distribution of loans in moderate-income census tracts by other lenders.

During the review period, of the 790 loans originated in the AA, 313 or 39.62 percent were secured by properties located in Cherokee County. Cherokee County contains 13 census tracts, including two moderate-income census tracts. There are no low-income census tracts in Cherokee County. In total, 18.18 percent of geographies within Cherokee County are located in LMI areas.

Table 8D - Income Category Cherokee County	First Piedmont (2012-2013)		2012 Aggregate HMDA	Distribution of OOHU In AA
	Number of Loans	Percent of Loans		
Low = <50%	0	0.00%	0.00%	0.00%
Moderate = 50-79%	14	4.47%	6.85%	11.16%
Middle = 80-119%	180	57.51%	63.41%	69.51%
Upper = ≥ 120%	119	38.02%	29.74%	19.33%
Total	313	100.00%	100.00%	100.00%

Within Cherokee County, the bank has three branch offices, which are located within two middle- and one upper-income geographies. According to 2010 census data, both of the middle-income census tracts in which the bank has a branch location are classified as underserved and/or of distressed areas.

An analysis of 2012 Market Share data for originations in LMI tracts, showed First Piedmont ranked first out of 22 institutions lending within Cherokee County. First Piedmont's market share was 17.02 percent, as compared to Wells Fargo (second largest percentage of market share) at 10.64 percent. This data shows First Piedmont's commitment to lending to LMI geographies when appropriate. First Piedmont's performance with respect to this criterion meets the standards for satisfactory performance concerning geographic distribution of loans in Cherokee County.

Responses to Complaints

There were no complaints related to the bank's performance in meeting the credit needs of the AA.

COMMUNITY DEVELOPMENT TEST

First Piedmont's performance under the Community Development (CD) Test is adequate. Of note is that First Piedmont met the Intermediate Small Bank threshold as of January 01, 2014. As such, the bank just recently initiated efforts to meet the criteria for the CD test, as this was not assessed in the past. During the review period, First Piedmont provided \$1.3 million in CD loans to help meet the credit needs within the bank's AA. The institution also made financial contributions totaling \$91,850 to CD organizations during the evaluation period. First Piedmont Board members and personnel provided leadership and/or financial expertise to nine community development organizations serving the AA.

Number and Amount of Community Development Loans

Spartanburg County

During the evaluation period, First Piedmont did not originate any community development loans within Spartanburg County. As previously noted, the institution was not considered an ISB until January 01, 2014, which falls outside of our scope. Additionally, the bank was not assessed under the CD test prior to this date.

Cherokee County

The institution originated one CD loan totaling \$200 thousand during the evaluation period. The institution also originated one SBA loan totaling \$1.1 million during the evaluation period.

Number and Amount of Qualified Investments

During the evaluation period, the institution made financial contributions totaling \$91,850 to 11 organizations involved in various community development activities.

Spartanburg County

First Piedmont made financial contributions totaling \$25,000 to three organizations serving Spartanburg County and the wider upstate SC region. These community development organizations are involved in providing social services benefiting LMI individuals such as youth programs and homeless shelters, as well as economic development services.

Cherokee County

Piedmont Federal made financial contributions totaling \$66,850 to seven organizations, which provide social services benefiting LMI individuals, and one organization involved in affordable housing initiatives in Cherokee County.

Extent to Which the Bank Provides Community Development Services

Spartanburg County

During the evaluation period, three bank personnel provided leadership and/or financial expertise to four qualified community development organizations serving Spartanburg County. These organizations are involved in promoting economic development for persons who are LMI individuals and/or living in LMI geographies, as well as providing social services targeted toward LMI individuals such as youth and healthcare programs.

Cherokee County

During the evaluation period, one First Piedmont Board member and six officers provided financial expertise and leadership to five qualified community development organizations serving Cherokee County. These organizations are involved in promoting economic development for persons who are LMI individuals and/or living in LMI geographies, and providing social services targeted toward LMI individuals including homeless shelters, youth programs, and meals on wheels, etc. Bank personnel also participated in volunteer activities teaching simple banking knowledge in two area Title 1 schools.

In addition, First Piedmont services approximately 24 loans for Cherokee County Habitat for Humanity.

Responsiveness to Community Development Needs

Given the bank's capacity and availability of community development opportunities in the AA, First Piedmont demonstrates adequate responsiveness to community development needs in its AA through community development loans, qualified donations, and community services.

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. No violations of the antidiscrimination laws and regulations or other illegal credit practices were identified at First Piedmont's most recent compliance examination.