



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

May 26, 2020

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Piedmont Federal Savings and Loan Association of Gaffney  
Charter Number 702502

1229 West Floyd Baker Blvd  
Gaffney, SC 29341

Office of the Comptroller of the Currency

212 South Tryon Street  
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, and should not 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.

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## **Overall CRA Rating**

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

**The lending test is rated: Satisfactory.**

**The community development test is rated: Satisfactory.**

The major factors that support this rating include:

- The Lending Test rating is based on First Piedmont's performance in the State of South Carolina, which includes reasonable geographic distribution of home mortgage loans, reasonable distribution of loans to individuals of different income levels, a more than reasonable loan-to-deposit (LTD) ratio, and a substantial majority of lending within the bank's assessment areas (AAs).
- The Community Development (CD) Test rating is based on First Piedmont's performance in the State of South Carolina, which reflects adequate responsiveness to community development needs through CD loans and investments. Community development services demonstrated adequate responsiveness.

### Loan-to-Deposit Ratio

Considering the bank’s size, financial condition, and the credit needs of the AA(s), the bank’s loan-to-deposit ratio is more than reasonable.

As of December 31, 2019, the First Piedmont’s LTD ratio was 101.3 percent. The bank’s average LTD ratio over the 12-quarter evaluation period was 99.9 percent, ranging from a low of 97.7 percent to a high of 103.9 percent. We compared the bank's LTD ratio to two similar financial institutions operating in and near the bank’s AAs. The average LTD ratio for these two institutions was 95.5 percent, ranging from a low of 93.3 percent to a high of 97.8 percent.

### Lending in Assessment Area

A substantial majority of the bank’s loans are inside its AAs.

The bank originated 92.2 percent of its total loans inside the bank’s AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

Table D - Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	726	90.8	74	9.3	800	144,198	86.8	21,922	13.2	166,119
Consumer	707	93.6	48	6.4	755	11,231	90.2	1,214	9.8	12,445
<b>Subtotal</b>	<b>1,433</b>	<b>92.2</b>	<b>122</b>	<b>7.8</b>	<b>1,555</b>	<b>155,429</b>	<b>87.0</b>	<b>23,136</b>	<b>13.0</b>	<b>178,565</b>

*Source: Bank Data  
Due to rounding, totals may not equal 100.0%*

### Description of Institution

First Piedmont Federal Savings and Loan Association (First Piedmont) is a \$419 million federally chartered, mutual savings association headquartered in Gaffney, South Carolina. The bank operates six full-service branches in Cherokee and Spartanburg Counties in South Carolina. All branch locations maintain the same operating hours Monday-Friday. The main branch is the only location open on Saturday. First Piedmont has no branch locations in low-income census tracts and one branch in a moderate-income census tract. First Piedmont operates automated teller machines (ATMs) at each branch location and two additional standalone ATMs, one of which is in a moderate-income census tract. First Piedmont designated Cherokee and Spartanburg counties in South Carolina as its AAs.

First Piedmont offers consumer and commercial loan and deposit products traditionally offered by thrift institutions. Product offerings are consistent across all six branch locations. The bank

offers online and mobile banking services to both business and consumers. First Piedmont's internet website, <https://www.firstpiedmont.com>, provides detailed information about products and services for consumers and businesses. As of December 31, 2019, home mortgage loans totaled \$208 million and represented 68.6 and 49.5 percent of total loans and total assets, respectively. Consumer loans totaled \$4.1 million represented 1.34 and 0.97 percent of total loans and total assets, respectively. As of December 31, 2019, the bank's tier 1 capital totaled \$107 million.

There are no legal, financial, or other factors that impede the bank's ability to help meet the credit needs in its AAs during the evaluation period. First Piedmont's rating at the preceding CRA Examination dated March 13, 2017 was "Satisfactory."

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

First Piedmont's performance was evaluated under the Intermediate-Small Bank Community Reinvestment Act (CRA) examination procedures. These procedures consist of two components: a lending test and a community development (CD) test. The lending test is an assessment of the bank's record of meeting the credit needs of its AAs through its lending activities. The CD test is an assessment of the bank's responsiveness to community development needs in the AAs through qualified lending, investment, donation, and service activities in the AA.

The evaluation period for the lending test is January 1, 2017 through December 31, 2019. First Piedmont's lending activity during the evaluation period evidenced that home mortgage loans and consumer loans are the bank's primary loan products. Home mortgage loans include home purchase, home improvement, and home mortgage refinance loans reported on the Loan Application Register (LAR) as required by the Home Mortgage Disclosure Act (HMDA). The evaluation period for qualified CD loans, donations, investments, and services is March 14, 2017 through December 31, 2019.

With an evaluation period end date of December 31, 2019, qualifying activities performed in response to the significant impact the COVID-19 pandemic has had on economies across the United States are not addressed in this evaluation. Bank qualifying activities will be appropriately considered in the subsequent evaluation.

### **Selection of Areas for Full-Scope Review**

In each state where the bank has an office, one or more AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to Appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

## **Ratings**

The bank's overall rating is a combination of the individual AA ratings. The AA ratings are based on the bank's performance under the lending test and the CD test. We placed equal weight on the bank's performance in its two AAs. While a majority of the home mortgage loans originated during the evaluation period were in the Spartanburg County MSA AA, the majority of the bank's consumer loans were originated in the Cherokee County Non-MSA AA.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution's lending performance) has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## State Rating

### State of South Carolina

**CRA rating for the State of South Carolina<sup>1</sup>:** Satisfactory

**The Lending Test is rated:** Satisfactory

**The Community Development Test is rated:** Satisfactory

The major factors that support this rating include:

- First Piedmont demonstrated reasonable dispersion of home mortgage loans among census tracts of different income designations within the AA.
- First Piedmont demonstrated reasonable penetration of home mortgage loans to borrowers of different income levels within the AA.
- First Piedmont's community development (CD) loan and investment activities demonstrated reasonable responsiveness to the CD needs of its AA during the evaluation period. Community development services demonstrated adequate responsiveness.

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<sup>1</sup> This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.



## Description of Institution's Operations in South Carolina

### Cherokee County Non-MSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Cherokee County Non MSA 2019						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	13	0.0	30.8	53.8	15.4	0.0
Population by Geography	55,863	0.0	27.5	51.4	21.1	0.0
Housing Units by Geography	23,993	0.0	27.0	52.3	20.7	0.0
Owner-Occupied Units by Geography	13,941	0.0	23.1	52.8	24.0	0.0
Occupied Rental Units by Geography	6,582	0.0	34.9	51.9	13.2	0.0
Vacant Units by Geography	3,470	0.0	27.9	50.8	21.3	0.0
Businesses by Geography	2,425	0.0	22.7	60.1	17.2	0.0
Farms by Geography	97	0.0	14.4	60.8	24.7	0.0
Family Distribution by Income Level	13,630	23.7	16.5	18.0	41.8	0.0
Household Distribution by Income Level	20,523	25.2	15.2	16.1	43.4	0.0
Median Family Income Non-MSAs - SC		\$44,609	Median Housing Value			\$88,914
			Median Gross Rent			\$629
			Families Below Poverty Level			18.9%
<i>Source: 2015 ACS and 2019 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Cherokee County Non-MSA AA meets regulatory requirements as it consists of the full county and does not arbitrarily exclude low- or moderate-income geographies. There are 13 census tracts in the AA; four census tracts are designated as moderate-income. The Cherokee County Non-MSA AA has no low-income census tracts. According to FFIEC demographic data, the seven middle-income census tracts were designated distressed due to high poverty rates. First Piedmont operates three branches in the AA, none of which are in a moderate-income census tract. The 2015 Census data for the Cherokee County Non-MSA AA reported a total population of 56 thousand. Approximately, 27.5 percent of the population lives in moderate-income census tracts.

According to June 30, 2019 Federal Deposit Corporation (FDIC) summary of deposit data, there were \$540 million in deposits held among seven financial institutions with ten offices located in the AA. First Piedmont holds the largest market share in the AA totaling 38.8 percent. The primary competitors were large national and regional banks. The top two competitors below First

Piedmont in the AA had three offices in the AA and controlled 18 percent and 15.7 percent, respectively, of the total deposit market share. According to HMDA peer mortgage data for AA in 2018, the First Piedmont originated the highest number of loans in the AA totaling 81 and representing market share of 11.9 percent. The top two competitors below First Piedmont originated 8.54 and 6.63 percent, respectively, of the home mortgage loans in the AA, totaling 103 loans. As of December 31, 2019, the Cherokee County Non-MSA AA unemployment rate was reported as 2.7 percent, which compared favorably to the national unemployment rate of 3.6 percent. Major employment sectors in the AA included manufacturing, retail trade, health care, and social assistance.

We consulted a community contact that serves a regional area that includes the AA to better understand the general credit and community development needs, as well as local economic conditions. According to the community contact, the economy is performing well. Key community development needs are job training, affordable housing, public transportation, and regional transportation opportunities to connect communities. Other opportunities include small business lending, entrepreneur assistance, and minority lending.

### Spartanburg County MSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Spartanburg County MSA 2019						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	69	8.7	24.6	40.6	26.1	0.0
Population by Geography	291,240	4.8	20.8	43.6	30.8	0.0
Housing Units by Geography	123,931	5.3	21.5	43.8	29.4	0.0
Owner-Occupied Units by Geography	75,378	2.3	15.6	47.1	35.1	0.0
Occupied Rental Units by Geography	34,514	10.7	31.1	38.8	19.5	0.0
Vacant Units by Geography	14,039	8.7	29.8	38.3	23.2	0.0
Businesses by Geography	17,466	2.4	20.9	41.1	35.6	0.0
Farms by Geography	501	1.0	17.2	48.7	33.1	0.0
Family Distribution by Income Level	76,454	21.0	17.4	18.9	42.7	0.0
Household Distribution by Income Level	109,892	23.6	15.6	17.3	43.5	0.0
Median Family Income MSA - 43900 Spartanburg, SC MSA		\$53,959	Median Housing Value			\$122,515
			Median Gross Rent			\$695
			Families Below Poverty Level			13.5%
<i>Source: 2015 ACS and 2019 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Spartanburg County MSA AA meets regulatory requirements as it consists of the full county and does not arbitrarily exclude low- or moderate-income geographies. The Spartanburg County MSA AA consists of 69 census tracts. Of the 69 census tracts, 8.7 percent and 24.6 percent, respectively are designated as low-income and moderate-income. First Piedmont operates six branches in the AA. There are no branches in a low-income census tract and one branch in a moderate-income census tract. The 2015 Census data for the Spartanburg County MSA AA reported a total population of 291 thousand. Approximately, 25.6 percent of the population lives in low- and moderate-income census tracts.

As of June 30, 2019, there were \$5.4 billion in deposits held among 19 financial institutions with 65 offices located in the AA. The primary competitors were large national and regional banks. First Piedmont ranked 12th with 1.7 percent of the market share. The top two competitors in the AA had 11 offices and controlled 34.6 percent of the total deposit market share. An analysis of 2018 HMDA peer mortgage data indicates the bank originated 150 home mortgage loans in the Spartanburg County MSA AA resulting in a market share of 1.81 percent, ranking 15th of 325 lenders. The top two competitors originated 11.3 percent of the home mortgage loans in the AA, totaling 932 loans.

As of December 31, 2019, the Spartanburg County MSA AA unemployment rate was reported as 2.1 percent, which compared favorably to the national unemployment rate of 3.6 percent. Major employment sectors in the AA included manufacturing and health care. According to the December 2019 Moody's Analytics report, Spartanburg's economy is improving rapidly after a slow start to 2019. House price appreciation has slowed, but growth still outpaces the state and U.S. averages. Higher house prices are incentivizing record new home construction. The December 2019 Moody Analytics report states that the auto industry is the primary driver of Spartanburg County MSA AA's economy, employing one in three factory workers, which ranks among the highest shares nationally. Moody's Analytics report indicates that the Spartanburg County MSA AA's strengths include modern manufacturers anchored by a major automobile company and below-average living and business costs. While weaknesses include low-incomes and educational attainment, few jobs in tech and higher-value-added services, heavily dependent on foreign trade, and low employment diversity, above-average volatility.

We consulted community contacts that serve the AA to better understand the general credit and community development needs as well as local economic conditions. According to the community contacts, economic conditions are improving slowly. There are pockets of poverty throughout the county, and concentrated pockets of poverty in the city of Spartanburg. The residents of Spartanburg need access to capital/credit, and similarly for small businesses. The LMI population is struggling to find affordable housing and are generally uninvolved in traditional banking services. Furthermore, rent in the city is generally too high for Spartanburg residents to afford, and is steadily increasing. Thus, affordable housing, community outreach programs by financial institutions to increase community involvement, and financial literacy programs are needed. Additionally, much of the City of Spartanburg is dilapidated and in need of renovation. Primary industries in this area are manufacturing plant and two hospitals. Generally, area residents do not need to commute further than 15 minutes to reach their jobs. Nonetheless, there are opportunities for local financial institutions to partner with housing agencies to assist in meeting the housing and banking needs of area residents.

## **Scope of Evaluation in South Carolina**

The full-scope areas were selected by assessing the level of loans and deposits in each AA. Both AAs were selected for full scope reviews. During the evaluation period, 66.4 percent of the bank's total home mortgage loan originations were in the Spartanburg County MSA AA, and 69.2 of the bank's total consumer loan originations were in the Cherokee County Non-MSA AA.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SOUTH CAROLINA**

### **LENDING TEST**

The bank's performance under the Lending Test in South Carolina is rated Satisfactory.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, the bank's lending performance in the state of South Carolina is reasonable.

### **Distribution of Loans by Income Level of the Geography**

The bank exhibits reasonable geographic distribution of loans in the state.

#### ***Home Mortgage Loans***

Refer to Table O in Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Overall, the geographic distribution of home mortgage loans is reasonable.

The geographic distribution of home mortgage loans in the Cherokee County Non-MSA AA was reasonable. During the evaluation period, the percentage of home mortgage loans in moderate-income census tracts was near the percentage of owner-occupied housing units and exceeded the aggregate percentage of peer lending in those census tracts. There are no low-income census tracts in the AA.

The geographic distribution of home mortgage loans in the Spartanburg County MSA AA was reasonable. During the evaluation period, the percentage of home mortgage loans in low-income census tracts was below the percentage of owner-occupied housing units and the aggregate percentage of peer lending. The percentage of home mortgage loans in moderate-income census tracts was significantly below the percentage of owner-occupied housing units but near to the aggregate percentage of peer lending in those census tracts.

### ***Consumer Loans***

Refer to Table U in Appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

Overall, the geographic distribution of consumer loans is reasonable.

The geographic distribution of consumer loans in the Cherokee County Non-MSA AA was excellent. The bank's percentage of loans in the moderate-income census tracts significantly exceeded the percentage of households in those geographies. There are no low-income census tracts in the AA.

The geographic distribution of consumer loans in the Spartanburg County MSA AA was reasonable. The percentage of consumer loans in low-income census tracts was below the percentage of households in those geographies. The bank's percentage of loans in the moderate-income census tracts significantly exceeded the percentage of households in those geographies.

### **Distribution of Loans by Income Level of the Borrower**

The bank exhibits a reasonable distribution of loans to individuals of different income levels, given the product lines offered by the bank.

### ***Home Mortgage Loans***

Refer to Table P in Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of home mortgage loans was poor in the Cherokee County MSA AA. During the evaluation period, the percentage of home mortgage loans to low- and moderate-income borrowers was significantly below the percentage of low and moderate-income families and the aggregate percentage of peer lending.

In our analysis, we considered the affordability of home ownership for low-income borrowers. The median list price of homes in Cherokee County was \$179,000 based upon data from Realtor.com. According to FFIEC information, the 2019 adjusted median family income for Cherokee County was \$48,700. Low-income families earn less than \$24,350 and moderate-income families earn less than \$38,960. The price of homes in Cherokee County is nearly seven times the earnings of low-income families and nearly five times the earning of moderate-income families. Additionally, the poverty rate is high at 19 percent.

The borrower distribution of home mortgage loans was poor in the Spartanburg County AA. The percentage of home mortgage loans to low- and moderate-income borrowers was significantly below the percentage of low- and moderate-income families and the aggregate percentage of peer lending.

In our analysis we considered the affordability of home ownership for low-income borrowers. The median list price of homes in Spartanburg County was \$214,000 based upon data from Realtor.com. According to FFIEC information, the 2019 adjusted median family income for Spartanburg County was \$62,100. Low-income families earn less than \$31,050 and moderate-income families earn less than \$49,680. The price of homes in Spartanburg County is nearly seven times the earnings of low-income families and four times the earnings of moderate-income families. The poverty rate in this AA is 13.5 percent.

The bank faces strong competition in both AA from mortgage brokers.

### ***Consumer Loans***

Refer to Table V in Appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

Overall, the borrower distribution of consumer loans is reasonable.

The borrower distribution of consumer loans was reasonable in the Cherokee County MSA AA. The percentage of consumer loans to low-income borrowers was below the percentage of low-income households, while the percentage of consumer loans to moderate-income borrowers significantly exceeded the percentage of moderate-income households.

The borrower distribution of consumer loans was reasonable in the Spartanburg County AA. The percentage of consumer loans to low-income borrowers was below the percentage of low-income households while the percentage of consumer loans to moderate-income borrowers exceeded the percentage of moderate-income households.

### **Responses to Complaints**

There were no complaints related to the institution's CRA performance within the state.

## COMMUNITY DEVELOPMENT TEST

The bank’s performance under the Community Development (CD) Test in the state of South Carolina is rated Satisfactory.

### Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank exhibits satisfactory responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities for community development in the bank’s AA(s).

### Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank’s level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000’s)	% of Total \$
Cherokee Non-MSA AA	1	50%	\$50	33%
Spartanburg MSA AA	1	50%	\$100	67%
Total	2	100%	\$150	100%

The bank’s overall CD lending activity reflects poor responsiveness to community development needs in the AAs. The bank funded two CD loans totaling \$150 thousand and representing 0.14 percent of tier 1 capital. These CD loans were participations funded through a lending consortium that offers first-lien, permanent financing for multifamily developments offering rents that are affordable to households earning 60 percent or less of the area median income.

In the Cherokee County Non MSA AA, First Piedmont funded a \$50 thousand loan as part of a \$1.0 million loan to construct a 60-unit multifamily affordable housing development. This CD loan represents 0.07 percent of allocated tier 1 capital as of December 31, 2019. Capital was based upon the bank’s portion of deposits in the Cherokee Non-MSA AA.

In the Spartanburg County MSA AA, First Piedmont funded a \$100 thousand loan as part of a \$1.4 million loan to construct a 97-unit multifamily affordable housing development. This loan represents approximately 0.30 percent of allocated tier 1 capital. Capital was based upon the bank’s portion of deposits in the Spartanburg MSA AA.

**Number and Amount of Qualified Investments**

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Cherokee Non-MSA AA	0	0	75	521	75	57%	521	36%	0	0
Spartanburg MSA AA	0	0	57	908	57	43%	908	64%	0	0
Total	0	0	132	209	132	100%	1,429	100%	0	0

\* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.  
 \*\* Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The level of qualified CD investments reflects satisfactory responsiveness to community development needs. In aggregate, CD investments represented 1.34 percent of tier 1 capital.

During the evaluation period, First Piedmont made seventy-five investments and loans totaling \$521 thousand or 0.70 percent. Of the seventy-five total investments/donations, twenty-two donations totaling \$137 thousand were made to community development organizations in the Cherokee County Non-MSA AA. These contributions represent 0.19 percent of allocated tier 1 capital. Allocated tier 1 capital is based upon the portion of the bank's deposits in the Cherokee Non-MSA AA. The following are some of the largest donations made in the Cherokee County Non-MSA AA:

- an aggregate of \$16 thousand was donated to an organization that provides medical services for LMI women.
- an aggregate of \$17 thousand was donated to an organization dedicated to providing extensive services to LMI adults in the form of food, shelter, clothing, counseling, personal development, and addiction recovery.
- an aggregate of \$19 thousand was donated to an organization that provides temporary housing to children of LMI families.

In addition to the aforementioned donations, the bank made fifty-three investments totaling \$384 thousand or 0.36 percent of allocated tier 1 capital in affordable rental homes through an affiliated service corporation.

Qualified investments and donations in the Spartanburg County MSA AA totaled \$908 thousand or 2.76 percent of tier 1 capital. The bank made nine donations totaling \$72 thousand. These contributions represent approximately 0.22 percent of allocated tier 1 capital. Capital is based upon the portion of the bank's deposits in the Spartanburg County MSA AA. The following are some of the largest donations made in the Spartanburg County MSA AA:

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\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.



- an aggregate of \$36 thousand was donated to an organization that provides food, financial/medical assistance, personal hygiene, burnout assistance and other forms of aid to LMI individuals.
- an aggregate of \$22 thousand was donated to an organization whose three priority areas are addressing education, financial, and health needs of LMI individuals.
- an aggregate of \$14 thousand was donated to an organization that provides services to children of LMI families.

In addition to the aforementioned donations, the bank made forty-eight investments totaling \$836 thousand or 2.54 percent of allocated tier 1 capital in affordable rental homes through an affiliated service corporation.

### **Extent to Which the Bank Provides Community Development Services**

First Piedmont provided an adequate level of community development services through its branches, products, services, and activities with local community development organizations. There were no branches opened or closed during this evaluation period. Of First Piedmont's six branches, none are located in a low-income census tract and one branch is located in a moderate-income census tract in the Spartanburg County MSA AA. First Piedmont's CD services reflect adequate responsiveness to community development needs in the Cherokee County Non-MSA AA. Seven employees served as board members and volunteers for nine qualified CD organizations during the evaluation period. First Piedmont's CD services reflect adequate responsiveness to community development needs in the Spartanburg County MSA AA. Four employees served as board members and volunteers for four qualified CD organizations during the evaluation period.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

<b>Time Period Reviewed:</b>	January 1, 2017 to December 31, 2019	
<b>Bank Products Reviewed:</b>	Home Mortgage Community Development Loans, Qualified Investments, Community Development Services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Not applicable	Not applicable	Not applicable
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
South Carolina		
Cherokee County Non-MSA	Full Scope	None
Spartanburg County MSA	Full Scope	None

## Appendix B: Summary of State Ratings

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RATINGS: First Piedmont Federal Savings & LA of Gaffney			
	Lending Test Rating*	CD Test Rating	Overall Bank/State Rating
<b>Overall Bank:</b>			
First Piedmont	Satisfactory	Satisfactory	Satisfactory
<b>State:</b>			
South Carolina	Satisfactory	Satisfactory	Satisfactory

(\*) The Lending Test and Community Development Test carry equal weight in the overall rating.

## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always

equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder' and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low-Income Geography:** A census tract with a median family income that is less than 50 percent.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an

employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rating Area:** A rated area is a state or multistate metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

**Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** **2017-2019**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Cherokee Non MSA	245	35,521	33.7	845	0.0	0.0	0.0	23.1	18.0	16.6	52.8	42.0	49.2	24.0	40.0	34.2	0.0	0.0	0.0
Spartanburg	481	108,677	66.3	10,278	2.3	0.2	1.1	15.6	8.9	10.1	47.1	50.7	46.0	35.1	40.1	42.7	0.0	0.0	0.0
<b>Total</b>	<b>726</b>	<b>144,198</b>	<b>100.0</b>	<b>11,123</b>	<b>1.9</b>	<b>0.1</b>	<b>1.1</b>	<b>16.8</b>	<b>12.0</b>	<b>10.6</b>	<b>48.0</b>	<b>47.8</b>	<b>46.2</b>	<b>33.3</b>	<b>40.1</b>	<b>42.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%

**Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** **2017-2019**

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Cherokee Non MSA	245	35,521	33.7	845	23.7	2.0	4.7	16.5	8.6	14.7	18.0	18.0	21.1	41.8	63.3	42.7	0.0	8.2	16.8
Spartanburg	481	108,677	66.3	10,278	21.0	2.3	5.9	17.4	11.0	20.9	18.9	18.5	24.6	42.7	59.0	33.5	0.0	9.1	15.2
<b>Total</b>	<b>726</b>	<b>144,198</b>	<b>100.0</b>	<b>11,123</b>	<b>21.4</b>	<b>2.2</b>	<b>5.8</b>	<b>17.3</b>	<b>10.2</b>	<b>20.4</b>	<b>18.8</b>	<b>18.3</b>	<b>24.3</b>	<b>42.5</b>	<b>60.5</b>	<b>34.2</b>	<b>0.0</b>	<b>8.8</b>	<b>15.3</b>

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%



**Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography** **2017-2019**

Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Cherokee Non MSA	489	5,628	50.1	0	0	26.9	48.88	52.6	19.43	20.5	31.7	0	0
Spartanburg	218	5,603	49.9	4.9	2.8	20.5	41.28	44.5	17.4	30.2	38.5	0	0
<b>Total</b>	<b>707</b>	<b>11,231</b>	<b>100.0</b>	<b>4.1</b>	<b>0.9</b>	<b>21.5</b>	<b>46.5</b>	<b>45.7</b>	<b>18.8</b>	<b>28.7</b>	<b>33.8</b>	<b>0</b>	<b>0</b>

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data.  
Due to rounding, totals may not equal 100.0%*

**Table V: Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** **2017-2019**

Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Cherokee Non MSA	489	5,628	50.1	25.2	16.4	15.2	27.4	16.1	23.72	43.4	32.5	0	0
Spartanburg	218	5,603	49.9	23.6	16.5	15.6	21.6	17.3	17.9	43.5	44.0	0	0
<b>Total</b>	<b>707</b>	<b>11,231</b>	<b>100.0</b>	<b>23.9</b>	<b>16.4</b>	<b>15.5</b>	<b>25.6</b>	<b>17.1</b>	<b>21.9</b>	<b>43.5</b>	<b>36.0</b>	<b>0</b>	<b>0</b>

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data.  
Due to rounding, totals may not equal 100.0%*