Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, George W. Cone
Name of the Holding Company Director and Official

Vice Chairman
Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

G W Cone
Signature of Holding Company Director and Official

3/23/2020
Date of Signature

For holding companies not registered with the SEC–
Indicate status of Annual Report to Shareholders:

- [x] is included with the FR Y-6 report
- [ ] will be sent under separate cover
- [ ] is not prepared

For Federal Reserve Bank Use Only

RSSD ID ____________
C.I. ____________

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2019
Month / Day / Year

n/a
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

Communitycorp
Legal Title of Holding Company

PO Box 1707
(Mailing Address of the Holding Company) Street / P.O. Box

Walterboro	SC	29488
City	State	Zip Code

1100 North Jefferies Boulevard, Walterboro, SC 29488
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Melissa Smyly	AVP/ISO/Controller
Name	Title

843-782-5511
Area Code / Phone Number / Extension

843-542-2752
Area Code / FAX Number

msmyly@banklowcountry.com
E-mail Address

www.banklowcountry.com
Address (URL) for the Holding Company's web page

Is confidential treatment requested for any portion of this report submission? .... 0=No 1=Yes **0**

In accordance with the General Instructions for this report (check only one),

1. a letter justifying this request is being provided along with the report .... [ ]
2. a letter justifying this request has been provided separately ... [ ]

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City | State | Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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City | State | Zip Code

Physical Location (if different from mailing address)

Form FR Y-6

Bank of the Lowcountry
Walterboro, South Carolina
Year Ending December 31, 2019

Report Item

1: The bank holding company prepares an annual report for its securities holders and is not registered with the SEC. A copy is enclosed.

2a: Organizational Chart

Communitycorp
(No LEI)
Walterboro, South Carolina
Incorporated in South Carolina

100%
Bank of the Lowcountry
(254900QQRCPCOBBNDA41)
Walterboro, South Carolina
Incorporated in South Carolina

2b: Submitted early via email 02/04/2020.

Report Item 3: Security holders

Current securities holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12/31/2019.

1a Name City, State, Country	1b Country of Citizenship or Incorporation	1c Number & Percentage of each class of voting securities	
Peden B. McLeod Walterboro, SC USA	USA	25,527	11.47%
George W. Cone Walterboro, SC USA	USA	14,165	6.36%
Pamela Robertson Columbia, SC USA	USA	13,730	6.17%

Securities holders not listed in 3(1a) through 3(1c) that had ownership, control or holdings of 5% or more with power to vote <u>duing</u> the fiscal year ending 12/31/2019.

2a Name City, State, Country	2b Country of Citizenship or Incorporation	2c Number & Percentage of each class of voting securities
none		

Form FR Y-6
Communitycorp
December 31, 2019

Report Item 4: Insiders

1 Name City, State, Country	2 Principal Occupation if other than with Communitycorp	3a Title & Position with Communitycorp	3b Title & Position with Subsidiaries (include names of subsidiaries)	3c Title & Position with other businesses (include names of other businesses)	4a Percentage of voting shares in Communitycorp	4b Percentage of voting shares in Subsidiaries (include names of subsidiaries)	4c List names of other companies(includes partnerships) if 25% or more of voting securities are held (list names of companies and percentage voting securities held)
George W. Cone Walterboro, SC USA	Partner in Law Firm- McLeod, Fraser & Cone	Director & Vice Chairman	Vice Chairman-Board of Directors- Bank of the Lowcountry	N/A	6.36%	6.36% Bank of the Lowcountry	49.0%- McLeod, Fraser & Cone
J. Barnwell Fishburne Walterboro, SC USA	Owner- Fishburne & Co.- Real Estate Sales & Rentals Member - Sunnyside Up LLC	Director	Director- Bank of the Lowcountry	N/A	0.60%	0.60% Bank of the Lowcountry	100.0%- Fishburne & Co. 25.0%- FHL, Inc. 50%- Sunnyside Up LLC
Peden B. McLeod Walterboro, SC USA	Partner in Law Firm- McLeod, Fraser & Cone Retired Code Commissioner & Director- SC Legislative Council	Chairman	Chairman of the Board- Bank of the Lowcountry	N/A	11.47%	11.47% Bank of the Lowcountry	51.0%- McLeod, Fraser & Cone
Pamela J. Robertson Columbia, SC USA	Admin. Asst. SC Senate	Director	Director- Bank of the Lowcountry	N/A	6.17%	6.17% Bank of the Lowcountry	N/A
John Reaves McLeod Walterboro, SC USA	Legislative Liason- South Carolina Dept. of Juvenile Justice	Director	Director- Bank of the Lowcountry	N/A	1.29%	1.29% Bank of the Lowcountry	N/A
Peden B. McLeod Jr. Mt. Pleasant, SC USA	Partner in Law Firm- McLeod, Fraser & Cone	Director	Director- Bank of the Lowcountry	N/A	1.28%	1.28% Bank of the Lowcountry	N/A
Robert Brown Hollywood, SC USA	S. C. House of Representatives President & CEO of Brown and Steward Inc. Owner- Brown's Barber Shop Owner- Brown's Barber and Beauty Supply Store	Director	Director- Bank of the Lowcountry	N/A	0.22%	0.22% Bank of the Lowcountry	100.0%- Brown's Barber Shop 100.0%- Brown's Barber and Beauty Supply Store 100.0%-Brown and Steward Inc.
L. Martin Sauls IV Ridgeland, SC USA	Mananger-Farm Bureau Ins. Agency, Beaufort SC	Director	Director- Bank of the Lowcountry	N/A	0.22%	0.22% Bank of the Lowcountry	N/A
D. Scott Rizer Walterboro, SC USA	President- Rizer Chevrolet Oldsmobile	Director	Director- Bank of the Lowcountry	N/A	0.67%	0.67% Bank of the Lowcountry	N/A
Gwendolyn P. Bunton Walterboro, SC USA	N/A	President	President- Bank of the Lowcountry	N/A	0.87%	0.87% Bank of the Lowcountry	N/A
James M. Bunton Jr. Walterboro, SC USA	N/A	Vice-President	Vice-President Bank of the Lowcountry	N/A	1.25%	1.25% Bank of the Lowcountry	N/A

Results: A list of branches for your depository institution: BANK OF THE LOWCOUNTRY (ID_RSSD: 1404481).
This depository institution is held by COMMUNITYCORP (2352842) of WALTERBORO, SC.
The data are as of 12/31/2019. Data reflects information that was received and processed through 01/07/2020.

Reconciliation and Verification Steps
1. In the **Data Action** column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the **Effective Date** column

Actions
OK: If the branch information is correct, enter 'OK' in the **Data Action** column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
Close: If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure
When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	1404481	BANK OF THE LOWCOUNTRY	1100 NORTH JEFFERIES BLVD	WALTERBORO	SC	29488	COLLETON	UNITED STATES	Not Required	Not Required	BANK OF THE LOWCOUNTRY	1404481	
OK		Full Service	2636672	RAVENEL OFFICE	6225 SAVANNAH HWY	RAVENEL	SC	29470	CHARLESTON	UNITED STATES	Not Required	Not Required	BANK OF THE LOWCOUNTRY	1404481	
OK		Full Service	3366668	RIDGELAND BRANCH	8058 EAST MAIN STREET	RIDGELAND	SC	29936	JASPER	UNITED STATES	Not Required	Not Required	BANK OF THE LOWCOUNTRY	1404481	
OK		Full Service	3285853	FOREST HILLS BRANCH	110 FOREST HILLS RD	WALTERBORO	SC	29488	COLLETON	UNITED STATES	Not Required	Not Required	BANK OF THE LOWCOUNTRY	1404481	

Communitycorp and Subsidiary

Report on Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

Communitycorp and Subsidiary

Contents

Communitycorp and Subsidiary

Dear Shareholder,

We are pleased to report the progress of Communitycorp and its subsidiary, Bank of the Lowcountry, as we continue to create value for our shareholders. Our significant accomplishments reflect the loyalty of our customers and the dedication of our Directors, Officers and Staff. The following provides a discussion of the results of operations for 2019.

Net income increased in 2019 to $2.3 million, or $10.18 per share, compared to 2018 net income of $1.8 million or $7.89 per share.

Total Assets increased from $216.1 million on December 31, 2018 to $227.0 million as of year-end 2019, an increase of $10.9 million, or 5.04%.

Total Loans decreased from $117.8 million on December 31, 2018 to $110.5 million during 2019, a decrease of $7.3 million or 6.20%.

Deposits increased to $191.1 million during 2019, compared to $183.7 million at year-end 2018, representing an increase of $7.4 million, or 4.03%.

We continue to maintain strong capital ratios for 2019 and 2018 to support our future anticipated growth.

We purchased a property in Mt. Pleasant in June 2019 and renovated to house our new Bank of the Lowcountry Mt. Pleasant Branch. The renovation was completed January 3rd, 2020. The branch opened January 6th, 2020. We relocated our Loan Production Office from downtown Charleston to the Mt. Pleasant office.

Please review the financial information presented to you in the Shareholders' package. The Board of Directors is adding three (3) new board members as of July 2020. Please welcome Rep. Robert Brown, Marty Sauls and Brown McLeod. Know that our success can be attributed to the teamwork of our shareholders, directors, officers and employees. We also want to thank the customers for their continued support year after year. We are committed to you and our customers and will continue to provide prompt, efficient and courteous service at all of our branches.

We invite and encourage you to attend our Annual Meeting on Tuesday, April 28, 2020.

Very Truly Yours,

Gwendolyn P. Bunton
President

Peden B. McLeod
Chairman of the Board and CEO

Communitycorp and Subsidiary

Selected Consolidated Financial Data

As of and for the years ended December 31, 2019, 2018, 2017, 2016 and 2015

Comparative Balance Sheet Information

(Dollars in thousands, except per share data)	2019	2018	2017	2016	2015
Results of Operations					
Interest income	$ 9,037	$ 7,894	$ 6,454	$ 6,011	$ 5,775
Interest expense	1,200	824	638	636	641
Net interest income	7,837	7,070	5,816	5,375	5,134
Provision for loan losses	100	210	(100)	122	72
Net interest income after provision for loan losses	7,737	6,860	5,916	5,253	5,062
Noninterest income	664	421	326	438	437
Noninterest expense	5,632	5,077	4,350	4,012	4,108
Income before income taxes	2,769	2,204	1,892	1,679	1,391
Income tax expense	478	410	737	450	370
Net income	$ 2,291	$ 1,794	$ 1,155	$ 1,229	$ 1,021
Balance Sheet Data					
Securities available-for-sale	$ 65,120	$ 63,622	$ 64,891	$ 49,742	$ 39,784
Securities held-to-maturity	-	-	-	-	200
Allowance for loan losses	1,606	1,454	1,309	1,532	1,596
Net loans	108,870	116,311	97,933	85,675	87,799
Premises and equipment, net	4,210	2,371	2,435	2,417	2,569
Total assets	226,975	216,104	201,375	185,857	187,905
Noninterest-bearing deposits	28,847	29,202	28,046	24,856	22,405
Interest-bearing deposits	162,280	154,476	146,831	140,763	145,060
Total deposits	191,127	183,678	174,877	165,619	167,465
Total liabilities	201,665	194,130	180,086	165,894	167,743
Total shareholders' equity	25,310	21,974	21,289	19,963	20,163
Per Share Data					
Weighted-average common shares outstanding	225,083	227,294	227,584	228,185	231,301
Net income	$ 10.18	$ 7.89	$ 5.08	$ 5.38	$ 4.42
Cash dividends paid	1.50	1.25	1.25	1.00	0.75
Period end book value	113.72	96.77	93.54	87.72	87.80
Equity and Assets Ratios					
Return on average assets	1.03%	0.86%	0.59%	0.64%	0.58%
Return on average equity	9.69%	8.29%	5.61%	6.02%	5.20%
Equity to assets ratio	11.15%	10.17%	10.57%	10.74%	10.73%
Dividend payout ratio	14.73%	15.85%	24.62%	18.68%	17.07%

elliott davis

Independent Auditor's Report

The Board of Directors and Shareholders
Communitycorp and Subsidiary
Walterboro, South Carolina

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Communitycorp and its Subsidiary which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, comprehensive income, changes in shareholders' equity and cash flows for the years then ended and the related notes to the consolidated financial statements (collectively, the "financial statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Communitycorp and its Subsidiary as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Elliott Davis, LLC

Columbia, South Carolina
March 16, 2020

Communitycorp and Subsidiary

Consolidated Balance Sheets

As of December 31, 2019 and 2018

	2019	2018
Assets:		
Cash and due from banks	$ 4,357,057	$ 8,456,318
Interest-bearing deposits	35,860,478	15,830,324
Federal funds sold	3,000,000	3,000,000
Cash and cash equivalents	43,217,535	27,286,642
Time deposits with other banks	1,500,000	1,750,000
Investment securities:		
Securities available-for-sale	65,119,722	63,622,245
Nonmarketable equity securities	619,700	606,300
Total investment securities	65,739,422	64,228,545
Loans receivable	110,475,910	117,765,694
Less allowance for loan losses	(1,606,205)	(1,454,326)
Loans, net	108,869,705	116,311,368
Premises and equipment, net	4,210,418	2,371,451
Accrued interest receivable	885,707	935,250
Other real estate owned	1,778,446	2,127,957
Other assets	774,035	1,092,309
Total assets	$ 226,975,268	$ 216,103,522
Liabilities:		
Deposits:		
Noninterest-bearing transaction accounts	$ 28,847,186	$ 29,201,581
Interest-bearing transaction accounts	66,399,671	55,970,095
Money market savings accounts	5,308,308	5,681,762
Savings	30,810,931	28,748,543
Time deposits $250,000 and over	13,483,583	15,608,728
Other time deposits	46,277,775	48,466,997
Total deposits	191,127,454	183,677,706
Advances from the Federal Home Loan Bank	10,000,000	10,000,000
Accrued interest payable	234,106	195,517
Other liabilities	303,215	256,355
Total liabilities	201,664,775	194,129,578
Commitments and contingencies (Notes 4 and 11)		
Shareholders' equity:		
Preferred stock, $5 par value, 3,000,000 shares authorized and unissued	-	-
Common stock, $5 par value, 3,000,000 shares authorized; 300,000 shares issued and outstanding	1,500,000	1,500,000
Capital surplus	1,737,924	1,737,924
Retained earnings	26,762,004	24,811,103
Accumulated other comprehensive income (loss)	290,209	(1,457,691)
Treasury stock, 77,441 and 72,916 shares at December 31, 2019 and 2018, respectively	(4,979,644)	(4,617,392)
Total shareholders' equity	25,310,493	21,973,944
Total liabilities and shareholders' equity	$ 226,975,268	$ 216,103,522

See Notes to Consolidated Financial Statements

Communitycorp and Subsidiary

Consolidated Statements of Operations

For the years ended December 31, 2019 and 2018

	2019	2018
Interest income:		
Loans, including fees	$ 6,778,155	$ 5,785,475
Investment securities:		
Taxable	1,278,054	873,736
Tax-exempt	295,528	804,834
Nonmarketable	37,229	20,552
Interest-bearing deposits	546,172	312,993
Time deposits with other banks	32,443	33,000
Federal funds sold	69,608	63,361
Total interest income	9,037,189	7,893,951
Interest expense:		
Deposits	975,193	746,081
Other interest expense	224,377	78,362
Total interest expense	1,199,570	824,443
Net interest income	7,837,619	7,069,508
Provision for loan losses	100,000	210,000
Net interest income after provision for loan losses	7,737,619	6,859,508
Noninterest income:		
Service charges on deposit accounts	269,404	247,191
Other charges, commissions, and fees	211,359	276,187
Gain (loss) on sale of available-for-sale securities	160,480	(120,337)
Other operating income	22,398	18,560
Total noninterest income	663,641	421,601
Noninterest expenses:		
Salaries and employee benefits	2,597,427	2,504,268
Net occupancy	350,009	326,570
Equipment	441,850	511,423
Other operating expenses	2,242,840	1,734,660
Total noninterest expenses	5,632,126	5,076,921
Income before income taxes	2,769,134	2,204,188
Income tax expense	478,357	409,767
Net income	$ 2,290,777	$ 1,794,421
Weighted-average common shares outstanding	225,083	227,294
Net income per share of common stock	$ 10.18	$ 7.89

See Notes to Consolidated Financial Statements

Communitycorp and Subsidiary

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

	2019	2018
Net income	$ 2,290,777	$ 1,794,421
Other comprehensive income (loss)		
Unrealized holding gains (losses) arising during the period	2,445,316	(1,144,887)
Tax effect	(577,818)	261,504
Reclassification adjustment for (gains) losses realized included in net income	(160,480)	120,337
Tax effect	40,882	(29,543)
Other comprehensive income (loss), net of tax	1,747,900	(792,589)
Comprehensive income	$ 4,038,677	$ 1,001,832

See Notes to Consolidated Financial Statements

Communitycorp and Subsidiary

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2019 and 2018

	Common Stock		Capital	Retained	Accumulated Other Comprehensive	Treasury	
	Shares	Amount	Surplus	Earnings	Income (Loss)	Stock	Total
Balance, December 31, 2017	300,000	$ 1,500,000	$ 1,737,924	$ 23,301,162	$ (665,102)	$ (4,584,892)	$ 21,289,092
Net income	-	-	-	1,794,421	-	-	1,794,421
Other comprehensive loss, net of tax benefit	-	-	-	-	(792,589)	-	(792,589)
Purchase of treasury stock	-	-	-	-	-	(32,500)	(32,500)
Cash dividend paid ($1.25 per share)	-	-	-	(284,480)	-	-	(284,480)
Balance, December 31, 2018	300,000	1,500,000	1,737,924	24,811,103	(1,457,691)	(4,617,392)	21,973,944
Net income	-	-	-	2,290,777	-	-	2,290,777
Other comprehensive income, net of tax expense	-	-	-	-	1,747,900	-	1,747,900
Purchase of treasury stock	-	-	-	-	-	(362,252)	(362,252)
Cash dividend paid ($1.50 per share)	-	-	-	(339,876)	-	-	(339,876)
Balance, December 31, 2019	300,000	$ 1,500,000	$ 1,737,924	$ 26,762,004	$ 290,209	$ (4,979,644)	$ 25,310,493

See Notes to Consolidated Financial Statements

Communitycorp and Subsidiary

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

	2019	2018
Operating activities:		
Net income	$ 2,290,777	$ 1,794,421
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	100,000	210,000
Depreciation	176,417	218,399
Premium amortization less discount accretion on investment securities	591,443	544,686
(Gain) loss on sales of securities available-for-sale	(160,480)	120,337
Gain on sale of other real estate owned	-	(16,747)
Writedown of other real estate owned	285,336	87,250
Deferred income tax benefit	(95,574)	(106,831)
Decrease (increase) in accrued interest receivable	49,543	(93,161)
Increase in accrued interest payable	38,589	74,539
(Increase) decrease in other assets	(123,088)	172,341
Increase in other liabilities	46,860	168,276
Net cash provided by operating activities	3,199,823	3,173,510
Cash flows from investing activities:		
Calls, maturities and paydowns of securities available-for-sale	4,065,071	3,396,770
Proceeds from sales of securities available-for-sale	30,153,641	4,769,438
Purchase of securities available-for-sale	(33,862,316)	(8,587,430)
Net decrease (increase) in loans to customers	7,299,838	(18,728,283)
Net increase in nonmarketable equity securities	(13,400)	(225,500)
Net decrease in time deposits with other banks	250,000	-
Proceeds from sale of other real estate owned	106,000	354,590
Purchases of premises and equipment	(2,015,384)	(155,271)
Net cash provided by (used in) investing activities	5,983,450	(19,175,686)
Cash flows from financing activities:		
Net increase in demand deposits, interest-bearing transaction accounts and savings accounts	11,764,115	10,204,654
Net decrease in time deposits	(4,314,367)	(1,403,943)
Proceeds from advances from Federal Home Loan Bank	-	5,000,000
Purchase of treasury stock	(362,252)	(32,500)
Cash dividends paid	(339,876)	(284,480)
Net cash provided by financing activities	6,747,620	13,483,731
Net increase (decrease) in cash and cash equivalents	15,930,893	(2,518,445)
Cash and cash equivalents, beginning of year	27,286,642	29,805,087
Cash and cash equivalents, end of year	$ 43,217,535	$ 27,286,642
Cash paid during the year for:		
Income taxes	$ 557,466	$ 393,737
Interest	1,160,981	749,904
Supplemental non cash activities		
Changes in unrealized gains (losses) on securities available-for-sale, net	$ 1,747,900	$ (792,589)
Foreclosures on loans	41,825	140,081

See Notes to Consolidated Financial Statements

Note 1. Organization and Significant Accounting Policies

Basis of Presentation:

Communitycorp, a bank holding company (the "Company"), and its subsidiary, Bank of the Lowcountry, (the "Bank"), provide commercial banking services to domestic markets principally in Colleton, Charleston, and Jasper Counties, South Carolina. The consolidated financial statements include the accounts of the parent company and its wholly-owned subsidiary after elimination of all significant intercompany balances and transactions.

Management's Estimates:

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the balance sheet date and income and expenses for the period. Actual results could differ significantly from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses, including valuation allowances for impaired loans, and the carrying amount of real estate acquired in connection with foreclosures or in satisfaction of loans. Management must also make estimates in determining the estimated useful lives and methods for depreciating premises and equipment.

While management uses available information to recognize losses on loans and foreclosed real estate, future additions to the allowance may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowances based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the allowances for losses on loans and foreclosed real estate may change materially in the near term.

Concentrations of Credit Risk:

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of loans receivable, investment securities, interest-bearing balances and amounts due from banks.

The Company makes loans to individuals and small businesses for various personal and commercial purposes principally in Colleton, Charleston, and Jasper Counties, South Carolina. The Company's loan portfolio is not concentrated in loans to any single borrower or a relatively small number of borrowers. Additionally, management is not aware of any concentrations of loans to classes of borrowers or industries that would be similarly affected by economic conditions.

Note 1. Organization and Significant Accounting Policies, Continued

Concentrations of Credit Risk, continued:

In addition to monitoring potential concentrations of loans to particular borrowers or groups of borrowers, industries and geographic regions, management monitors exposure to credit risk from concentrations of lending products and practices such as loans that subject borrowers to substantial payment increases (e.g. principal deferral periods, loans with initial interest-only periods, etc.), and loans with high loan-to-value ratios. Management has determined that there is no concentration of credit risk associated with its lending policies or practices. Additionally, there are industry practices that could subject the Company to increased credit risk should economic conditions change over the course of a loan's life. For example, the Company makes variable rate loans and fixed rate principal-amortizing loans with maturities prior to the loan being fully paid (i.e. balloon payment loans). These loans are underwritten and monitored to manage the associated risks. Therefore, management believes that these particular practices do not subject the Company to unusual credit risk.

The Company's investment portfolio consists principally of obligations of the United States, its agencies or its corporations, mortgage-backed securities issued by government-sponsored enterprises (GSEs) and general obligation municipal securities. In the opinion of management, there is no concentration of credit risk in its investment portfolio. The Company places its deposits and correspondent accounts with and sells its federal funds to high quality institutions. Management believes credit risk associated with correspondent accounts is not significant.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, cash and cash equivalents are defined as those amounts included in the balance sheet caption "Cash and due from banks," "Interest-bearing deposits," and "federal funds sold." Cash and cash equivalents have an original maturity of three months or less.

Investment Securities:

Management classified investment securities, including mortgage-backed securities issued by GSEs, as available-for-sale. Securities available-for-sale are carried at amortized cost and adjusted to estimated market value by recognizing the aggregate unrealized gains or losses in a valuation account. Unrealized gains and losses are excluded from earnings and reported in other comprehensive income, net of deferred income taxes. Reductions in market value considered by management to be other than temporary are reported as a realized loss and a reduction in the cost basis of the security. The adjusted cost basis of securities available-for-sale is determined by specific identification and is used in computing the gain or loss upon sale. Securities available-for-sale are accounted for on a trade date basis.

As of December 31, 2019, the Company had no investment securities classified as held-to-maturity. In addition, no securities are held for short-term resale; therefore, the Company does not currently use a trading account classification.

Note 1. Organization and Significant Accounting Policies, Continued

Nonmarketable Equity Securities:

At December 31, 2019 and 2018, nonmarketable equity securities consisted of Federal Home Loan Bank stock of $619,700 and $606,300, respectively.

Nonmarketable equity securities are carried at cost since no quoted market value and no ready market exists. Investment in the Federal Home Loan Bank is a condition of borrowing from the Federal Home Loan Bank, and the stock is pledged to collateralize such borrowings. Dividends received on nonmarketable equity securities are included as a separate component of interest income.

Impairment of Investment Securities:

Declines in the fair value of individual securities classified as either held-to-maturity or available-for-sale below their amortized cost that are deemed to be other-than-temporary result in write-downs included in operations as realized losses. In estimating other-than-temporary impairment, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for an anticipated recovery in fair value.

Loans Receivable and Interest Income:

Loans are stated at the amount of unpaid principal balance, net of any charge offs. Interest income on all loans is computed based upon the unpaid principal balance. Interest income is computed using the simple interest method and is recorded in the period earned.

The Company determines a loan to be delinquent when payments have not been made according to contractual terms, typically evidenced by nonpayment of a monthly installment by the due date. The accrual of interest income is discontinued when a loan becomes 90 days past due as to principal or interest. Management may elect to continue the accrual of interest when the estimated net realizable value of collateral exceeds the principal balance and accrued interest.

Loan origination and commitment fees and certain direct loan origination costs (principally salaries and employee benefits) are being deferred and amortized to income over the contractual life of the related loans or commitments, adjusted for prepayments using the level yield method.

Note 1. Organization and Significant Accounting Policies, Continued

Allowance for Loan Losses:

An allowance for loan losses is maintained at a level deemed appropriate by management to provide adequately for known and inherent risks in the loan portfolio. The allowance is based upon a continuing review of past loan loss experience, current economic conditions which may affect the borrowers' ability to pay, and the underlying collateral value of the loans. Loans or portions of loans that are deemed to be uncollectible are charged-off and deducted from the allowance. The provision for loan losses and recoveries on loans previously charged-off are added to the allowance.

The allowance consists of specific, general and unallocated components. The specific component relates to loans that are classified as impaired. For such loans an allowance is established when the discounted cash flows, or collateral value, less estimated selling costs, or observable market price of the impaired loan is lower than the carrying value of the loan. The general component covers loans not considered to be impaired and is based on historical loss experience adjusted for qualitative factors. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

A loan is considered impaired when it is probable that the Bank will be unable to collect all amounts due according to the terms of the loan agreement. Impairment may be determined based upon the present value of expected cash flows, market price of the loan, if available, or value of the underlying collateral less estimated selling costs. Expected cash flows are required to be discounted at the loan's effective interest rate.

When the ultimate collectability of an impaired loan's principal is in doubt, wholly or partially, cash receipts are applied to principal. Once the reported principal balance has been reduced to the loan's estimated net realized value, future cash receipts are applied to interest income, to the extent that any interest has been foregone. Further cash receipts are recorded as recoveries of any amounts previously charged-off. When this doubt does not exist, cash receipts are applied under the contractual terms of the loan agreement.

A loan is also considered impaired if its terms are modified in a troubled debt restructuring. For these accruing impaired loans, cash receipts are typically applied to principal and interest receivable in accordance with the terms of the restructured loan agreement. Interest income is recognized on these loans using the accrual method of accounting.

Loan Fees and Costs:

Nonrefundable fees and certain direct costs associated with the origination of loans are deferred and recognized as a yield adjustment over the contractual life of the related loans, or if the related loan is held for resale, until such time that the loan is sold. As of December 31, 2019 and 2018, the Bank did not have any loans held for sale. Recognition of deferred fees and costs is discontinued on nonaccrual loans until they return to accrual status or are charged off.

Note 1. Organization and Significant Accounting Policies, Continued

Premises and Equipment:

Premises and equipment are stated at cost, less accumulated depreciation. The provision for depreciation is computed using the straight-line method, based on the following estimated useful lives: buildings and leasehold improvements - 40 years; furniture and equipment - 5 to 10 years. The cost of assets sold or otherwise disposed of, and the related allowance for depreciation are eliminated from the accounts and the resulting gains or losses are reflected in the statement of operations when incurred. Maintenance and repairs are charged to current expense. The costs of major renewals and improvements are capitalized.

Other Real Estate Owned:

Other real estate owned includes real estate acquired through foreclosure. Other real estate owned is initially recorded at the lower of cost or fair value at the date of foreclosure less estimated costs of disposal, which establishes a new cost basis. After foreclosure, valuations are periodically performed by management and properties are carried at the lower of cost or fair value less estimated costs of disposal. Any write-downs at the date of foreclosure or in-substance foreclosure are charged to the allowance for loan losses. Expenses to maintain the property, subsequent changes in the valuation allowance, and gains and losses on disposal are included in other operating expenses.

Fair Value Measurements:

The Company follows the guidance for Financial Instruments and Fair Value Measurements and Disclosures. This guidance permits entities to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This guidance clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Under this guidance, fair value measurements are not adjusted for transaction costs. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Income and Expense Recognition:

The accrual method of accounting is used for all significant categories of income and expense. Immaterial amounts of insurance commissions and other miscellaneous fees are reported when received.

Advertising Expense:

Advertising and public relations costs are generally expensed as incurred. External costs incurred in producing media advertising are expensed the first time the advertising takes place. External costs relating to direct mailing costs are expensed in the period in which the direct mailings are sent. Advertising and public relations costs of $68,412 and $50,272, were included in the Company's other operating expenses for 2019 and 2018, respectively.

Note 1. Organization and Significant Accounting Policies, Continued

Income Taxes:

Amounts provided for income taxes are based on income reported for financial statement purposes. Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company believes that its income tax filing positions taken or expected to be taken in its tax returns will more likely than not be sustained upon audit by the taxing authorities and does not anticipate any adjustments that will result in a material adverse impact on the Company's financial condition, results of operations, or cash flow. Therefore, no reserves for uncertain income tax positions have been recorded.

Retirement and Deferred Compensation Plans:

The Company has a trusteed noncontributory profit-sharing plan, which provides retirement and other benefits to all full-time employees who have worked 1,000 or more hours during the calendar year and have put in one year of service. All eligible employees must be at least age 21. Contributions are determined annually by the Board of Directors. Expenses charged to earnings for the profit-sharing plan were $75,687 and $64,747 in 2019 and 2018, respectively, and included in the Company's salaries and employee benefits expense. The Company's policy is to fund contributions to the profit-sharing plan in the amount approved by the Board of Directors. In addition, the plan includes a "salary reduction" feature pursuant to Section 401(k) of the Internal Revenue Code. Under the plan and present policies, participants are permitted to make discretionary contributions up to 10% of annual compensation.

Additionally, the Company has a nonqualified voluntary salary deferral plan for certain officers of the Company. Under the plan, these officers may defer up to 25% of their compensation and earn interest on the deferred amount. Upon retirement, the total amount deferred and interest earned is to be paid to each participant over a period not to exceed 15 years. The total amount deferred and unpaid under this plan was $178,304 and $238,608 at December 31, 2019 and 2018, respectively. No expenses were charged to earnings for the salary deferral plan in either 2019 or 2018. The Company does not provide post- employment benefits to employees beyond the plans described above.

Note 1. Organization and Significant Accounting Policies, Continued

Per Share Amounts:

Net income per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. The Company has no instruments considered common stock equivalents and therefore, diluted earnings per share is not presented.

Comprehensive Income:

Accounting principles generally accepted in the United States of America require that recognized revenue, expenses, gains, and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

Off-Balance Sheet Financial Instruments:

In the ordinary course of business, the Company has entered into off-balance-sheet financial instruments consisting of commitments to extend credit, commitments under credit card arrangements, and letters of credit. These financial instruments are recorded in the financial statements when they become payable by the customer.

Recently Issued Accounting Pronouncements:

The following is a summary of recent authoritative pronouncements that could impact the accounting, reporting, and/or disclosure of financial information by the Company.

In May 2014 and August 2015, the Financial Accounting Standards Board (FASB) issued guidance to change the recognition of revenue from contracts with customers. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The guidance was effective for the Company for reporting periods beginning after December 15, 2018. The Company applied the guidance using a modified retrospective approach. The Company's revenue is comprised of net interest income and noninterest income. The scope of the guidance explicitly excludes net interest income as well as many other revenues for financial assets and liabilities including loans, leases, securities, and derivatives. Accordingly, the majority of the Company's revenues were not affected. The Company performed an assessment of contracts related to revenue streams that are within the scope of the standard. The Company's accounting policies have not changed materially since the principles of revenue recognition from the Accounting Standards Update are largely consistent with existing guidance and current practices. The Company has not identified material changes to the timing or amount of revenue recognition.

Note 1. Organization and Significant Accounting Policies, Continued

Recently Issued Accounting Pronouncements, continued:

In January 2016, the FASB amended the Financial Instruments topic of the Accounting Standards Codification to address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The amendments were effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Company applied the guidance by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. These amendments had no material effect on the Company's financial statements.

In March 2016, the FASB amended the Revenue from Contracts with Customers topic of the Accounting Standards Codification to clarify the implementation guidance on principal versus agent considerations. The updates to the principal versus agent guidance: (i) require an entity to determine whether it is a principal or an agent for each distinct good or service (or a distinct bundle of goods or services) to be provided to the customer; (ii) illustrate how an entity that is a principal might apply the control principle to goods, services, or rights to services, when another party is involved in providing goods or services to a customer and (iii) clarify that the purpose of certain specific control indicators is to support or assist in the assessment of whether an entity controls a good or service before it is transferred to the customer, provide more specific guidance on how the indicators should be considered, and clarify that their relevance will vary depending on the facts and circumstances. The Company's revenue is primarily comprised of net interest income on financial assets and financial liabilities, which is explicitly excluded from the scope of ASU 2014-09, and noninterest income. A description of the Company's revenue streams accounted for under ASC 606, Revenue from Contracts with Customers follows:

> Deposit service charges: The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

In February 2016, the FASB amended the Leases topic of the ASC to revise certain aspects of recognition, measurement, presentation, and disclosure of leasing transactions. The amendments will be effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted. The Company does not expect these amendments to have a material effect on its financial statements.

In June 2018, the FASB amended the Compensation—Stock Compensation Topic of the Accounting Standards Codification. The amendments expand the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, but no earlier than an entity's adoption date of Topic 606. The Company does not expect these amendments to have a material effect on its financial statements.

Note 1. Organization and Significant Accounting Policies, Continued

Recently Issued Accounting Pronouncements, continued:

In November 2018, the FASB issued guidance to amend the Financial Instruments—Credit Losses topic of the Accounting Standards Codification. The guidance aligns the implementation date of the topic for annual financial statements of nonpublic companies with the implementation date for their interim financial statements. The guidance also clarifies that receivables arising from operating leases are not within the scope of the topic, but rather, should be accounted for in accordance with the leases topic. The amendments will be effective for the Company for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted for all organizations for periods beginning after December 15, 2018. The Company is currently in the process of evaluating the impact of adoption of this guidance on its financial statements.

In November 2019, the FASB issued guidance to defer the effective dates for private companies, not-for-profit organizations, and certain smaller reporting companies applying standards on current expected credit losses (CECL), leases, hedging. The new effective dates will be; CECL: fiscal years beginning after December 15, 2022 including interim periods within those fiscal years; Leases: fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. The Company is currently in the process of evaluating the impact of adoption of this guidance on its financial statements.

In November 2019, the FASB issued guidance that addresses issues raised by stakeholders during the implementation of ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The amendments affect a variety of Topics in the Accounting Standards Codification. For entities that have not yet adopted the amendments in ASU 2016-13, the amendments are effective for fiscal years beginning after December 15, 2022 including interim periods within those fiscal years. Early adoption is permitted in any interim period as long as an entity has adopted the amendments in ASU 2016-13. The Company does not expect these amendments to have a material effect on its financial statements.

In December 2019, the FASB issued guidance to simplify accounting for income taxes by removing specific technical exceptions that often produce information investors have a hard time understanding. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The amendments are effective for fiscal years beginning after December 15, 2021, and interim periods within annual reporting periods beginning after December 15, 2022. Early adoption is permitted. The Company does not expect these amendments to have a material effect on its financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Company’s financial position, results of operations or cash flows.

Note 1. Organization and Significant Accounting Policies, Continued

Risks and Uncertainties:

In the normal course of its business, the Company encounters two significant types of risks: economic and regulatory. There are three main components of economic risk: interest rate risk, credit risk and market risk. The Company is subject to interest rate risk to the degree that its interest-bearing liabilities mature or reprice at different speeds, or on a different basis, than its interest-earning assets. Credit risk is the risk of default on the Company's loan portfolio that results from a borrower's inability or unwillingness to make contractually required payments. Market risk reflects changes in the value of collateral underlying loans receivable and the valuation of real estate held by the Company.

The Company is subject to the regulations of various governmental agencies. These regulations can and do change significantly from period to period. The Company also undergoes periodic examinations by the regulatory agencies, which may subject it to further changes with respect to asset valuations, amounts of required loss allowances and operating restrictions from the regulators' judgments based on information available to them at the time of their examination.

Reclassifications:

Certain previously reported amounts have been reclassified to conform to the current year presentation. Such changes had no effect on previously reported net income or stockholders’ equity.

Note 2. Cash and Due From Banks

At December 31, 2019 and 2018, the Company was not required to maintain cash balances with its correspondent banks to cover cash letter transactions.

Note 3. Investment Securities

The amortized cost and fair values of securities available-for-sale are as follows:

	December 31, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government agencies	$ 17,317,912	$ 134,026	$ 88,653	$ 17,363,285
Mortgage-backed securities	28,004,833	96,818	236,735	27,864,916
Municipals	19,417,621	538,014	64,114	19,891,521
Total	$ 64,740,366	$ 768,858	$ 389,502	$ 65,119,722

	December 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government agencies	$ 32,148,714	$ 14,168	$ 932,248	$ 31,230,634
Mortgage-backed securities	5,937,193	2,553	199,349	5,740,397
Municipals	27,441,818	220	790,824	26,651,214
Total	$ 65,527,725	$ 16,941	$ 1,922,421	$ 63,622,245

The following is a summary of maturities of securities available-for-sale. The amortized cost and estimated fair values are based on the contractual maturity dates, with the exception of mortgage-backed securities, which may mature earlier than their average maturity lives due to principal prepayments.

December 31, 2019	Amortized Cost	Estimated Fair Value
Due within five years	$ 4,127,000	$ 4,100,257
Due after five years but within ten years	19,472,073	19,751,013
Due after ten years	13,136,460	13,403,536
Mortgage-backed securities	28,004,833	27,864,916
Total	$ 64,740,366	$ 65,119,722

Gross proceeds from the sale of investment securities in 2019 and 2018 totaled $30,153,641 and $4,769,438, respectively. Sales of securities during 2019 resulted in gross realized gains of $339,268 and gross realized losses of $178,788. Sales of securities during 2018 resulted in gross realized gains of $7,706 and gross realized losses of $128,043.

At December 31, 2019 and 2018, investment securities with an amortized cost of $47,083,770 and $24,303,503, respectively, and a fair value of $49,701,081 and $23,254,662, respectively, were pledged as collateral to secure public deposits and short-term borrowings.

Note 3. Investment Securities, Continued

The following tables show gross unrealized losses and fair value for securities available-for-sale, aggregated by investment category, and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2019 and 2018.

	December 31, 2019					
	Less than twelve months		Twelve months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
U.S. government agencies	$ 8,279,382	$ 69,984	$ 1,683,825	$ 18,669	$ 9,963,207	$ 88,653
Mortgage-backed securities	18,326,693	160,759	1,915,687	75,976	20,242,380	236,735
Municipals	3,366,268	64,114	-	-	3,366,268	64,114
Total	$ 29,972,343	$ 294,857	$ 3,599,512	$ 94,645	$ 33,571,855	$ 389,502

	December 31, 2018					
	Less than twelve months		Twelve months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
U.S. government agencies	$ 28,906,861	$ 932,248	$ -	$ -	$ 28,906,861	$ 932,248
Mortgage-backed securities	5,722,148	199,349	-	-	5,722,148	199,349
Municipals	26,523,994	790,824	-	-	26,523,994	790,824
Total	$ 61,153,003	$ 1,922,421	$ -	$ -	$ 61,153,003	$ 1,922,421

The Company believes that the deterioration in value is attributable to changes in market interest rates and not in credit quality; therefore, it considers these losses temporary. The Company does not intend to sell these securities and it is more likely than not that the Company will not be required to sell these securities before recovery of their amortized costs. At December 31, 2019, three securities had been in a continuous loss position for more than 12 months. There were no securities in a continuous loss position for more than 12 months at December 31, 2018. Management evaluates investment securities in a loss position based on length of impairment, severity of impairment, and other factors.

Note 4. Loans Receivable

Following is a summary of loans receivable at December 31:

	2019	2018
Real estate - construction	$ 13,552,969	$ 12,593,330
Real estate - mortgage	71,400,950	78,435,349
Real estate - agricultural	9,465,415	9,470,152
Commercial and industrial	11,900,743	12,548,007
Consumer and other	4,155,833	4,718,856
Total gross loans	$ 110,475,910	$ 117,765,694

Consumer and other loans include overdrafts of demand deposits which have been reclassified to loans in the amount of $100,718 and $60,670 at December 31, 2019 and 2018, respectively.

The following is a summary of information pertaining to our allowance for loan losses at December 31, 2019:

	Real estate- construction	Real estate- mortgage	Real estate- agricultural	Commercial and industrial	Consumer and other	Total
Allowance for loan losses:						
Beginning balance:	$ 281,253	$ 929,143	$ 86,617	$ 112,879	$ 44,434	$ 1,454,326
Provisions	(50,991)	62,100	27,370	36,009	25,512	100,000
Recoveries	-	74,655	-	-	4,643	79,298
Charge-offs	-	(3,715)	-	(1,262)	(22,442)	(27,419)
Ending balance	$ 230,262	$ 1,062,183	$ 113,987	$ 147,626	$ 52,147	$ 1,606,205
Ending balances:						
Individually evaluated for impairment	$ 2,021	$ 109,311	$ -	$ -	$ -	$ 111,332
Collectively evaluated for impairment	$ 228,241	$ 952,872	$ 113,987	$ 147,626	$ 52,147	$ 1,494,873
Loans receivable:						
Ending balance - total	$ 13,552,969	$ 71,400,950	$ 9,465,415	$ 11,900,743	$ 4,155,833	$ 110,475,910
Ending balances:						
Individually evaluated for impairment	$ 246,764	$ 2,547,992	$ -	$ -	$ -	$ 2,794,756
Collectively evaluated for impairment	$ 13,306,205	$ 68,852,958	$ 9,465,415	$ 11,900,743	$ 4,155,833	$ 107,681,154

Note 4. Loans Receivable, Continued

The following is a summary of information pertaining to our allowance for loan losses at December 31, 2018:

	Real estate-construction	Real estate-mortgage	Real estate-agricultural	Commercial and industrial	Consumer and other	Total
Allowance for loan losses:						
Beginning balance:	$ 103,568	$ 925,767	$ 94,128	$ 126,745	$ 58,436	$ 1,308,644
Provisions	177,685	54,612	(7,511)	(13,021)	(1,765)	210,000
Recoveries	-	72,997	-	-	1,232	74,229
Charge-offs	-	(124,233)	-	(845)	(13,469)	(138,547)
Ending balance	$ 281,253	$ 929,143	$ 86,617	$ 112,879	$ 44,434	$ 1,454,326
Ending balances:						
Individually evaluated for impairment	$ -	$ 87,493	$ -	$ -	$ -	$ 87,493
Collectively evaluated for impairment	$ 281,253	$ 841,650	$ 86,617	$ 112,879	$ 44,434	$ 1,366,833
Loans receivable:						
Ending balance - total	$ 12,593,330	$ 78,435,349	$ 9,470,152	$ 12,548,007	$ 4,718,856	$ 117,765,694
Ending balances:						
Individually evaluated for impairment	$ 259,607	$ 2,691,781	$ -	$ -	$ -	$ 2,951,388
Collectively evaluated for impairment	$ 12,333,723	$ 75,743,568	$ 9,470,152	$ 12,548,007	$ 4,718,856	$ 114,814,306

Credit Quality Indicators

The Company uses a risk based approach based on the following credit quality measures when analyzing the loan portfolio: pass, watch, special mention, and substandard. These indicators are used to rate the credit quality of loans for the purposes of determining the Company's allowance for loan losses.

Special Mention - Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard - Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful - Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loans not meeting the criteria above that are analyzed individually as part of the above-described process are considered to be pass rated loans.

Note 4. Loans Receivable, Continued

The following is an analysis of our loan portfolio by credit quality indicators at December 31, 2019:

	Real estate-construction	Real estate-mortgage	Real estate-agricultural	Commercial and industrial	Consumer and other	Total
Pass	$ 13,302,094	$ 68,239,901	$ 9,465,415	$ 11,871,316	$ 4,130,249	$ 107,008,975
Special mention	4,111	1,420,534	-	28,008	16,289	1,468,942
Substandard	246,764	1,740,515	-	1,419	9,295	1,997,993
Doubtful	-	-	-	-	-	-
Total	$ 13,552,969	$ 71,400,950	$ 9,465,415	$ 11,900,743	$ 4,155,833	$ 110,475,910

The following is an analysis of our loan portfolio by credit quality indicators at December 31, 2018:

	Real estate-construction	Real estate-mortgage	Real estate-agricultural	Commercial and industrial	Consumer and other	Total
Pass	$ 12,324,309	$ 75,151,517	$ 9,470,152	$ 12,511,135	$ 4,689,293	$ 114,146,406
Special mention	7,694	1,294,094	-	33,728	18,493	1,354,009
Substandard	261,327	1,989,738	-	3,144	11,070	2,265,279
Doubtful	-	-	-	-	-	-
Total	$ 12,593,330	$ 78,435,349	$ 9,470,152	$ 12,548,007	$ 4,718,856	$ 117,765,694

The following is an aging analysis of our loan portfolio at December 31, 2019:

	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Recorded Investment >90 Day and Accruing
Real estate - construction	$ 6,923	$ -	$ -	$ 6,923	$ 13,546,046	$ 13,552,969	$ -
Real estate - mortgage	-	75,429	550,124	625,553	70,775,397	71,400,950	-
Real estate - agricultural	-	-	-	-	9,465,415	9,465,415	-
Commercial and industrial	-	-	-	-	11,900,743	11,900,743	-
Consumer and other	8,486	-	138	8,624	4,147,209	4,155,833	-
	$ 15,409	$ 75,429	$ 550,262	$ 641,100	$ 109,834,810	$ 110,475,910	$ -

The following is an aging analysis of our loan portfolio at December 31, 2018:

	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Recorded Investment >90 Day and Accruing
Real estate - construction	$ -	$ -	$ -	$ -	$ 12,593,330	$ 12,593,330	$ -
Real estate - mortgage	122,103	-	740,978	863,081	77,572,268	78,435,349	-
Real estate - agricultural	-	-	-	-	9,470,152	9,470,152	-
Commercial and industrial	-	1,017	-	1,017	12,546,990	12,548,007	-
Consumer and other	28,328	-	169	28,497	4,690,359	4,718,856	-
	$ 150,431	$ 1,017	$ 741,147	$ 892,595	$ 116,873,099	$ 117,765,694	$ -

The Company identifies impaired loans through its normal internal loan review process. Loans on the Company's problem loan watch list are considered potentially impaired loans. These loans are evaluated in determining whether all outstanding principal and interest are expected to be collected. Loans are not considered impaired if a minimal delay occurs and all amounts due including accrued interest at the contractual interest rate for the period of delay are expected to be collected.

Note 4. Loans Receivable, Continued

The following is an analysis of our impaired loan portfolio detailing the related allowance recorded at December 31, 2019:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance needed:					
Real estate-construction	$ 74,070	$ 74,070	$ -	$ 75,228	$ 4,922
Real estate-mortgage	1,723,614	1,802,310	-	1,790,069	33,575
	1,797,684	1,876,380	-	1,865,297	38,497
With an allowance recorded:					
Real estate construction	$ 172,694	$ 172,694	$ 2,021	$ 177,958	$ 12,868
Real estate-mortgage	824,378	824,378	109,311	825,115	52,422
	997,072	997,072	111,332	1,003,073	65,290
Total:					
Real estate construction	$ 246,764	$ 246,764	$ 2,021	$ 253,186	$ 17,790
Real estate-mortgage	2,547,992	2,626,688	109,311	2,615,184	85,997
	$ 2,794,756	$ 2,873,452	$ 111,332	$ 2,868,370	$ 103,787

The following is an analysis of our impaired loan portfolio detailing the related allowance recorded at December 31, 2018:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance needed:					
Real estate-construction	$ 259,607	$ 259,607	$ -	$ 262,651	$ 13,275
Real estate-mortgage	1,084,507	1,084,507	-	1,145,405	38,432
	1,344,114	1,344,114	-	1,408,056	51,707
With an allowance recorded:					
Real estate construction	$ -	$ -	$ -	$ -	$ -
Real estate-mortgage	1,607,274	1,607,274	87,493	1,622,387	90,572
	1,607,274	1,607,274	87,493	1,622,387	90,572
Total:					
Real estate construction	$ 259,607	$ 259,607	$ -	$ 262,651	$ 13,275
Real estate-mortgage	2,691,781	2,691,781	87,493	2,767,792	129,004
	$ 2,951,388	$ 2,951,388	$ 87,493	$ 3,030,443	$ 142,279

Note 4. Loans Receivable, Continued

Loans totaling $822,572 and $949,569 were in nonaccruing status at December 31, 2019 and 2018, respectively. When the ultimate collectability of loan principal is in doubt, wholly or partially, the loan is placed on nonaccrual status and all cash receipts are applied to the principal. When this doubt does not exist, cash receipts are applied under the contractual terms of the loan agreement.

Included in the impaired loans above are particular loans that have been modified in order to maximize the collection of loan balances. If, for economic or legal reasons related to the customer's financial difficulties, the Company grants a concession compared to the original terms and conditions on the loan, the modified loan is classified as a troubled debt restructuring "TDR".

The following table summarizes the carrying balance of TDRs as of December 31, 2019 and 2018:

	2019	2018
Performing TDRs	$ 1,570,973	$ 1,603,120
Nonperforming TDRs	708,452	837,248
Total TDRs	$ 2,279,425	$ 2,440,368

Loans classified as TDRs may be removed from this status for disclosure purposes after a specified period of time if the restructured agreement specifies an interest rate equal to or greater than the rate that the lender was willing to accept at the time of the restructuring for a new loan with comparable risk, and the loan is performing in accordance with the terms specified by the restructured agreement.

No new loans were identified as TDRs and no loans previously identified as TDRs went into default (as defined by non-accrual classification) during the years ended December 31, 2019 and 2018.

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments consist of commitments to extend credit and standby letters of credit. Commitments to extend credit are legally binding agreements to lend to a customer at predetermined interest rates as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. A commitment involves, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheets. The Company's exposure to credit loss in the event of nonperformance by the other party to the instrument is represented by the contractual notional amount of the instrument. Since certain commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Standby letters of credit are conditional commitments issued to guarantee a customer's performance to a third party and have essentially the same credit risk as other lending facilities. Standby letters of credit often expire without being used. The Company believes that through various sources of liquidity, it has the necessary resources to meet obligations arising from these financial instruments.

The Company uses the same credit underwriting procedures for commitments to extend credit and standby letters of credit as it does for on-balance sheet instruments. The credit worthiness of each borrower is evaluated and the amount of collateral, if deemed necessary, is based on the credit evaluation. Collateral held for commitments to extend credit and standby letters of credit varies but may include accounts receivable, inventory, property, plant, equipment, and income-producing commercial properties.

Note 4. Loans Receivable, Continued

The following table summarizes the Company's off-balance-sheet financial instruments whose contractual amounts represent credit risk at December 31:

	2019	2018
Commitments to extend credit	$ 13,472,673	$ 11,107,747
Standby letters of credit	926,162	1,751,162

Management is not aware of any significant concentrations of loans to classes of borrowers or industries that would be affected similarly by economic conditions. At December 31, 2019, the Company was not committed to lend additional funds to borrowers having loans in nonaccrual status.

Note 5. Premises and Equipment

Premises and equipment is summarized as follows as of December 31:

	2019	2018
Land	$ 732,069	$ 732,069
Building and leasehold improvements	2,861,018	2,799,624
Furniture and equipment	1,388,260	1,283,503
Construction-in-process	1,848,297	-
	6,829,644	4,815,196
Less accumulated depreciation	(2,619,226)	(2,443,745)
Premises and equipment, net	$ 4,210,418	$ 2,371,451

Depreciation expense was $176,417 and $218,399 for the years ended December 31, 2019 and 2018, respectively.

During the years ended December 31, 2019 and 2018, the Company leased space for its downtown Charleston office location. Lease expense during those periods was $51,153 and $50,864, respectively. The lease expired on October 31, 2019 and the Company did not elect to renew the lease agreement.

Note 6. Other Real Estate Owned

The following summarizes the activity in the other real estate owned for the years ended December 31:

	2019	2018
Balance, beginning of year	$ 2,127,957	$ 2,412,969
Additions	41,825	140,081
Sales	(106,000)	(337,843)
Writedowns	(285,336)	(87,250)
Balance, end of year	$ 1,778,446	$ 2,127,957

Note 6. Other Real Estate Owned, Continued

The Company did not recognize a gain on the sale of other real estate owned for the year ended December 31, 2019. The Company recognized a net gain of $16,747 on the sale of other real estate owned for the year ended December 31, 2018.

Other real estate owned expense for the years ended December 31, 2019 and 2018 was $357,059 and $215,765, respectively, as recorded in other operating expenses.

Note 7. Deposits

At December 31, 2019, the scheduled maturities of time deposits are as follows:

2020	$ 47,026,278
2021	10,858,266
2022	963,633
2023	782,387
2024 and thereafter	130,794
	$ 59,761,358

There were no brokered deposits included in time deposits at December 31, 2019 or 2018.

Interest expense on time deposits that meet or exceed the FDIC insurance limit of $250,000 was $183,682 and $120,041 for the years ended December 31, 2019 and 2018, respectively.

Note 8. Advances from Federal Home Loan Bank

Advances from the Federal Home Loan Bank (FHLB) consisted of the following at December 31, 2019 and 2018:

Description	Current Interest Rate	2019 Balance	2018 Balance
FHLB advances maturing			
November 16, 2023	3.17%	$ 5,000,000	$ 5,000,000
December 8, 2027	1.55%	5,000,000	5,000,000
		$ 10,000,000	$ 10,000,000

As collateral for FHLB borrowings, the Company has pledged investment securities totaling $10,321,887 at December 31, 2019. In addition, the Company's FHLB stock is pledged to secure the borrowings. Certain advances are subject to prepayment penalties.

Note 9. Related Party Transactions

Certain parties (principally certain directors and officers of the Company, their immediate families and business interests) were loan customers of, and had other transactions in the normal course of business with, the Company. Related party loans are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and do not involve more than normal risk of collectability. The aggregate dollar amount of loans to related parties was $2,923,634 and $2,815,516 at December 31, 2019 and 2018, respectively.

Legal services were provided to the Company in the ordinary course of business by a law firm in which three of the partners are directors of the Company. The amount paid to this law firm for services rendered during 2019 and 2018 was $31,824 and $33,947, respectively.

Note 10. Unused Lines of Credit

At December 31, 2019, the Bank had unused lines of credit to purchase federal funds from other financial institutions totaling $21,000,000. Under the terms of the agreements, the Bank may borrow at mutually agreed-upon rates for one to fourteen day periods. As of December 31, 2019, the Bank had not borrowed on these lines. The Bank has an additional line of credit to borrow funds from the Federal Home Loan Bank. As of December 31, 2019, the total line of credit with Federal Home Loan Bank was $58,282,750 of which $10,000,000 has been advanced.

Note 11. Commitments and Contingencies

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. At December 31, 2019, management is not aware of any pending or threatened litigation or unasserted claims that would have a material adverse effect on the financial position or operating results of the Company.

The Company makes loans to individuals and small businesses for various personal and commercial purposes. Although the Company's loan portfolio is diversified, a substantial portion of its borrowers' ability to honor the terms of their loans is dependent on business and economic conditions in Colleton, Charleston, and Jasper Counties and surrounding areas. The Company's loan portfolio is not concentrated in loans to any single borrower or in a relatively small number of borrowers. Additionally, management is not aware of any concentrations of loans to classes of borrowers or industries that would be similarly affected by economic conditions.

Note 12. Shareholders' Equity

The Company had 77,441 and 72,916 shares held in treasury stock at December 31, 2019 and 2018, respectively. The Company repurchased 4,525 and 500 shares of treasury stock during 2019 and 2018, respectively.

The ability of the Company to pay cash dividends is dependent upon receiving cash in the form of dividends from the Bank. However, certain restrictions exist regarding the ability of the Bank to transfer funds to Communitycorp in the form of cash dividends. Dividends to the Company are payable only from the undivided profits of the Bank. At December 31, 2019, the Bank's undivided profits were $18,730,610. The Bank is authorized to pay cash dividends up to 100% of net income in any calendar year without obtaining the prior approval of the S.C. Commissioner of Banking, provided that the Bank received a composite rating of one or two at the last Federal or State regulatory examination. Under Federal Reserve Board regulations, the amounts of loans or advances from the Bank to the parent company are also restricted.

Note 13. Other Operating Expenses

Other operating expenses are summarized as follows for the years ended December 31:

	2019	2018
Stationary, printing, and postage	$ 233,891	$ 177,345
Federal deposit insurance premiums	44,500	60,703
Professional fees	314,260	332,273
Directors' fees	152,850	111,100
Telephone	96,400	98,656
ATM surcharges	51,295	14,111
Other real estate owned	357,059	215,765
Data processing	356,671	106,762
Other	635,914	617,945
Total	$ 2,242,840	$ 1,734,660

Note 14. Income Taxes

The components of the net deferred tax assets are as follows at December 31:

	2019	2018
Deferred tax assets:		
Allowance for loan losses	$ 178,294	$ 170,800
Deferred compensation	37,444	56,933
Nonaccrual loan interest income	32,652	24,487
Other real estate owned	113,427	60,552
Deferred origination costs and fees	38,123	32,954
Securities available-for-sale	-	467,891
Other	32,133	-
Total deferred tax assets	432,073	813,617
Deferred tax liabilities:		
Accumulated depreciation	58,735	63,668
Prepaids	15,002	19,296
Securities available-for-sale	89,149	-
Total net deferred tax liabilities	162,886	82,964
Net deferred tax asset recognized	$ 269,187	$ 730,653

Deferred tax assets represent the future tax benefit of deductible differences, and, if it is more likely than not that a tax asset will not be realized, a valuation allowance is required to reduce the recorded deferred tax assets to net realizable value. Management has determined that a valuation allowance is needed for South Carolina net operating losses of the holding company.

Note 14. Income Taxes, Continued

A reconciliation between the income tax expense and the amount computed by applying the Federal statutory rate of 21% to income before income taxes follows for the years ended December 31, 2019 and 2018.

	2019	2018
Tax expense at statutory rate	$ 581,518	$ 462,880
Tax-exempt interest income	(69,076)	(106,056)
Disallowed interest expense	11,306	8,089
Other, net	(45,391)	44,854
Income tax expense	$ 478,357	$ 409,767

Income tax expense is summarized as follows for the years ended December 31:

	2019	2018
Current income tax expense:		
Federal	$ 573,931	$ 516,598
Deferred income tax	(95,574)	(106,831)
Income tax expense	$ 478,357	$ 409,767

The Company has analyzed the tax positions taken or expected to be taken in its tax returns and concluded it has no liability related to uncertain tax positions in accordance with ASC Topic 740.

Tax returns for 2016 and subsequent years are subject to examination by taxing authorities.

Note 15. Fair Value Measurements

Generally Accepted Accounting Principles (GAAP) provide a framework for measuring and disclosing fair value which requires disclosures about the fair value of assets and liabilities recognized in the balance sheet, whether the measurements are made on a recurring basis (for example, available-for-sale investment securities) or on a nonrecurring basis (for example, impaired loans).

Fair value is defined as the exchange in price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Note 15. Fair Value Measurements, Continued

The Company utilizes fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Securities available-for-sale are recorded at fair value on a recurring basis. Additionally, from time to time, the Company may be required to record at fair value other assets on a nonrecurring basis, such as loans held for sale, loans held for investment and certain other assets. These nonrecurring fair value adjustments typically involve application of lower of cost or market accounting or write-downs of individual assets.

Fair Value Hierarchy

The Company groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine the fair value. These levels are:

Level 1 Quoted market prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market, as well as U.S. Treasuries, and money market funds.

Level 2 Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments, mortgage-backed securities, municipal bonds, corporate debt securities, and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes certain derivative contracts and impaired loans.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. For example, this category generally includes certain private equity investments, retained residual interests in securitizations, residential mortgage servicing rights, and highly-structured or long-term derivative contracts.

Following is a description of valuation methodologies used for assets and liabilities recorded at fair value.

Securities Available-for-Sale

Securities available-for-sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Level 1 securities include those traded on an active exchange such as the New York Stock Exchange, Treasury securities that are traded by dealers or brokers in active over-the counter markets and money market funds. Level 2 securities include mortgage backed securities issued by government sponsored entities, municipal bonds and corporate debt securities. Securities classified as Level 3 include asset-backed securities in less liquid markets.

Note 15. Fair Value Measurements, Continued

Impaired Loans

The Company does not record loans at fair value on a recurring basis, however, from time to time, a loan is considered impaired and an allowance for loan loss is established. Loans for which it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan are considered impaired. Once a loan is identified as individually impaired, management measures impairment. The fair value of impaired loans is estimated using one of several methods, including the collateral value, market value of similar debt, enterprise value, liquidation value and discounted cash flows. Those impaired loans not requiring a specific allowance represent loans for which the fair value of expected repayments or collateral exceed the recorded investment in such loans. For the years ended December 31, 2019 and 2018, impaired loans were valued using discounted cash flow analysis or the fair value of collateral less estimated selling costs. Impaired loans where an allowance is established based on the fair value of collateral require classification in the fair value hierarchy. When the fair value of the collateral is based on an observable market price or a current appraised value, the Company records the loan as nonrecurring Level 2. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the Company records the loan as nonrecurring Level 3.

Other Real Estate Owned

Foreclosed assets are adjusted to fair value upon transfer of the loans to other real estate owned. Real estate acquired in settlement of loans is recorded initially at estimated fair value of the property less estimated selling costs at the date of foreclosure. The initial recorded value may be subsequently reduced by additional allowances, which are charges to earnings if the estimated fair value of the property less estimated selling costs declines below the initial recorded value. Fair value is based upon independent market prices, appraised values of the collateral or management's estimation of the value of the collateral. When the fair value of the collateral is based on an observable market price or a current appraised value, the Company recorded the foreclosed asset as nonrecurring Level 2. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the Company records the foreclosed asset as nonrecurring Level 3.

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy.

	December 31, 2019			
	Total	Level 1	Level 2	Level 3
U.S. government agencies	$ 17,363,285	$ -	$ 17,363,285	$ -
Mortgage-backed securities	27,864,916	-	27,864,916	-
Municipals	19,891,521	-	19,891,521	-
Total	$ 65,119,722	$ -	$ 65,119,722	$ -

	December 31, 2018			
	Total	Level 1	Level 2	Level 3
U.S. government agencies	$ 31,230,634	$ -	$ 31,230,634	$ -
Mortgage-backed securities	5,740,397	-	5,740,397	-
Municipals	26,651,214	-	26,651,214	-
Total	$ 63,622,245	$ -	$ 63,622,245	$ -

Note 15. Fair Value Measurements, Continued

There were no liabilities measured at fair value on a recurring basis at December 31, 2019 and 2018.

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). The following table presents the assets and liabilities measured at fair value on a nonrecurring basis at December 31, 2019 and 2018, aggregated by level in the fair value hierarchy within which those measurements fall:

	December 31, 2019			
	Total	Level 1	Level 2	Level 3
Impaired loans, net	$ 2,683,424	$ -	$ -	$ 2,683,424
Other real estate owned	1,778,446	-	-	1,778,446
Total assets at fair value	$ 4,461,870	$ -	$ -	$ 4,461,870

	December 31, 2018			
	Total	Level 1	Level 2	Level 3
Impaired loans, net	$ 2,863,895	$ -	$ -	$ 2,863,895
Other real estate owned	2,127,957	-	-	2,127,957
Total assets at fair value	$ 4,993,852	$ -	$ -	$ 4,993,852

There were no liabilities measured at fair value on a nonrecurring basis at December 31, 2019 and 2018.

For level 3 assets and liabilities measured at fair value on a recurring or non-recurring basis, the significant unobservable inputs used in the fair value measurements were as follows as of December 31, 2019 and 2018.

	Fair Value at December 31, 2019	Valuation Technique	Significant Unobservable Inputs	Range
Impaired loans, net	$2,683,424	Appraised value	Discount rates/discounts to appraised value	Appraisals discounted 6-10% for sales commissions and other holding costs
Other real estate owned	$1,778,446	Appraised value/comparable sales	Discount rates/discounts to appraised value	Appraisals discounted 6-10% for sales commissions and other holding costs

Note 15. Fair Value Measurements, Continued

	Fair Value at December 31, 2018	Valuation Technique	Significant Unobservable Inputs	Range
Impaired loans, net	$2,863,895	Appraised value	Discount rates/discounts to appraised value	Appraisals discounted 6-10% for sales commissions and other holding costs
Other real estate owned	$2,127,957	Appraised value/comparable sales	Discount rates/discounts to appraised value	Appraisals discounted 6-10% for sales commissions and other holding costs

Note 16. Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a material effect on the Company’s financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank’s assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank’s capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum ratios (set forth in the table below) of Tier 1, Common Equity Tier 1 (CET1), and total capital as a percentage of assets and off-balance-sheet exposures, adjusted for risk-weights ranging from 0% to 150%. Tier 1 capital of the Bank consists of common stockholders’ equity, excluding the unrealized gain or loss on securities available-for-sale, minus certain intangible assets, while CET1 is comprised of Tier 1 capital, adjusted for certain regulatory deductions and limitations. Tier 2 capital consists of the allowance for loan losses subject to certain limitations. Total capital for purposes of computing the capital ratios consists of the sum of Tier 1 and Tier 2 capital.

The Bank is also required to maintain capital at a minimum level based on average assets (as defined), which is known as the leverage ratio. Only the strongest institutions are allowed to maintain capital at the minimum requirement. All others are subject to maintaining ratios 1% to 2% above the minimum.

Note 16. Regulatory Matters, Continued

Effective March 31, 2015, quantitative measures established by applicable regulatory standards, including the newly implemented Basel III revised capital adequacy standards and relevant provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd Frank Act"), require the Bank to maintain (i) a minimum ratio of Tier 1 capital to average total assets, after certain adjustments, of 4.00%, (ii) a minimum ratio of Tier 1 capital to risk-weighted assets of 6.00%, (iii) a minimum ratio of total-capital to risk-weighted assets of 8.00% and (iv) a minimum ratio of CET1 to risk-weighted assets of 4.50%. A "well-capitalized" institution must generally maintain capital ratios 2% higher than the minimum guidelines.

In order to avoid restrictions on capital distributions or discretionary bonus payments to executives, the Bank is required to maintain a "capital conservation buffer" in addition to its minimum risk-based capital requirements. This buffer is required to consist solely of CET1, but the buffer applies to all three risk-based measurements (CET1, Tier 1 and total capital). The capital conservation buffer was phased in incrementally over time, beginning January 1, 2016 at 0.625% and became fully effective on January 1, 2019. The capital conservation buffer consists of an additional amount of Tier 1 capital equal to 2.50% of risk-weighted assets, which was in effect for the year ended December 31, 2019.

The following table summarizes the capital amounts and ratios of the Bank and the regulatory minimum requirements:

(Dollars in thousands)	Actual		For Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Action Provisions	
	Amount	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
December 31, 2019						
Total capital (to risk-weighted assets)	$ 26,449	22.26%	$ 9,505	8.00%	$ 11,882	10.00%
Tier 1 capital (to risk-weighted assets)	24,963	21.01%	7,129	6.00%	9,505	8.00%
Tier 1 capital (to average assets)	24,963	10.84%	9,211	4.00%	11,514	5.00%
Common Equity Tier 1 Capital (to risk-weighted assets)	24,963	21.01%	5,347	4.50%	7,723	6.50%
December 31, 2018						
Total capital (to risk-weighted assets)	$ 24,575	18.73%	$ 10,496	8.00%	$ 13,170	10.00%
Tier 1 capital (to risk-weighted assets)	23,122	17.62%	7,872	6.00%	10,496	8.00%
Tier 1 capital (to average assets)	23,122	10.93%	8,462	4.00%	13,750	5.00%
Common Equity Tier 1 Capital (to risk-weighted assets)	23,122	17.62%	5,904	4.50%	8,528	6.50%

Note 17. Communitycorp (Parent Company Only)

Following is condensed financial information for Communitycorp (Parent Company Only) as of and for the years ended December 31:

Condensed Balance Sheets

	December 31, 2019	December 31, 2018
Assets:		
Cash	$ 49,915	$ 302,007
Investment in banking subsidiary	25,252,524	21,663,879
Non-marketable equity securities	3,500	3,500
Other assets	4,554	4,558
Total assets	$ 25,310,493	$ 21,973,944
Shareholders' equity	$ 25,310,493	$ 21,973,944

Condensed Statements of Income

	For the years ended December 31, 2019	For the years ended December 31, 2018
Income		
Dividend from banking subsidiary	$ 450,000	$ 375,000
Other income	36	1,532
Total income	450,036	376,532
Expenses	-	-
Income before income taxes and equity in undistributed earnings of banking subsidiary	450,036	376,532
Income tax expense	4	315
Equity in undistributed earnings of banking subsidiary	1,840,745	1,418,204
Net income	$ 2,290,777	$ 1,794,421

Note 17. Communitycorp (Parent Company Only), Continued

Condensed Statements of Cash Flows

	For the years ended December 31, 2019	2018
Operating activities		
Net income	$ 2,290,777	$ 1,794,421
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in undistributed earnings of banking subsidiary	(1,840,745)	(1,418,204)
Decrease in other assets	4	315
Net cash provided by operating activities	450,036	376,532
Investing activities		
Proceeds from sale of nonmarketable equity securities	-	1,000
Net cash provided by investing activities	-	1,000
Financing activities		
Cash dividends paid	(339,876)	(284,480)
Purchase of treasury stock	(362,252)	(32,500)
Net cash used in financing activities	(702,128)	(316,980)
(Decrease) increase in cash	(252,092)	60,552
Cash, beginning of year	302,007	241,455
Cash, end of year	$ 49,915	$ 302,007

Note 18. Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date. Management has reviewed events occurring through March 16, 2020, the date the financial statements were available to be issued and no subsequent events occurred requiring accrual or disclosure.

Annual Meeting

The Annual Meeting of Shareholders of Communitycorp will be held at 6 p.m. on Tuesday, April 28, 2020, at Bank of the Lowcountry, 1100 North Jefferies Boulevard, Walterboro, South Carolina.

Corporate Data

Corporate Office:
P.O. Box 1707
1100 North Jefferies Blvd.
Walterboro, South Carolina 29488
Phone: 843.549.2265

Corporate Counsel:
McLeod, Fraser & Cone
P.O. Box 230
Washington Street
Walterboro, South Carolina 29488

Stock Transfer Agent:
Bank of the Lowcountry
P.O. Box 1707
Walterboro, South Carolina 29488

Independent Auditors:
Elliott Davis, LLC
1901 Main Street, Suite 900
P.O. Box 2227
Columbia, South Carolina 29202

Stock Information:

The Common Stock of Communitycorp is not listed on any exchange, nor is there a recognized or established market. There is limited trading in the Company's shares of Common Stock. Management believes the Common Stock has traded between $65.00 and $80.00 per share, during the past two years. There were 506 shareholders of record as of December 31, 2019.

The ability of Communitycorp to pay cash dividends is dependent upon receiving cash in the form of dividends from Bank of the Lowcountry. However, certain restrictions exist regarding the ability of the Bank to transfer funds to Communitycorp in the form of cash dividends. All of the Bank's dividends to the Company are payable only from the undivided profits of the Bank.

This Annual Report serves as the annual financial disclosure statement furnished pursuant to Part 350 of the Federal Deposit Insurance Corporation's Rules and Regulations.

THIS STATEMENT HAS NOT BEEN REVIEWED OR CONFIRMED FOR ACCURACY OR RELEVANCE BY THE FEDERAL DEPOSIT INSURANCE CORPORATION

Board of Directors

Peden B. McLeod
Chairman of the Board and CEO
Attorney- McLeod, Fraser & Cone

J. Barnwell Fishburne
Owner-Fishburne & Co. Real Estate

George W. Cone
Attorney- McLeod, Fraser & Cone

Pamela J. Robertson
Administrative Assistant-
SC House of Representatives

D. Scott Rizer
President-
Rizer Chev. Buick GMC, Inc.

J. Reaves McLeod
Legislative Liaison
SC Dept. of Juvenile Justice

Robert L. Brown
SC House of Representatives

Peden B. (Brown) McLeod Jr.
Attorney- McLeod, Fraser & Cone

L. Martin Sauls IV
Manager- Farm Bureau Insurance Agency

Officers

Gwendolyn P. Bunton
President

James M. Bunton, Jr.
Vice President and Lending Officer

Melissa T. Smyly
AVP/ISO/Controller

Sharon Milligan
AVP and Lending Officer

Kelly Strickland
AVP/BSA & Compliance Officer

Alicia Green
AVP and Operations Officer

Rose Walker
Branch Manager and Lending Officer

Pamela Nelson
Internal Auditor

Cynthia Mills
AVP/Branch Manager and Lending Officer

Nicholas Smith
Lending Officer

Jerry Vereen
City Executive

Craig Goldberg
Senior Lending Officer

E. Lawton Huggins
Senior Lending Officer

Bank Locations

110 Forest Hills Road, Walterboro, South Carolina 29488
1100 North Jefferies Boulevard, Walterboro, South Carolina 29488
6225 Savannah Highway, Ravenel, South Carolina 29470
8058 East Main Street, Ridgeland, South Carolina 29936
767 Johnnie Dodds Boulevard, Mount Pleasant, South Carolina 29464

Member FDIC

Staff Members

Kathy Breland
Anastasia Gillespie
Jennifer Crosby
Shelby Pope
Stephanie Gruber
Jessica Johnson
Tesch Reeves
Wanda Fulton
Rachel Jacques
Francine Jenkins
Isaac Eubanks
Amber Herndon
Eva Capers
Brandie Boineau
Ruth Young
Dalton Colson
Leah Peters
Meagan Hendricks
Tiffaney Mitchell
Macie Hughes
Annette Lyons
Pamela Aikens
Charlotte Stanfield
Danielle McCaskill
Stephanie O'Herien
Linzay Fraser
Natalie Powers
Samantha Murdaugh
Asia Brown
Shena Stephens
Beth Boineau
Waachovia Keller
Jackie Dupree

Services

ATM Service
Bank by Mail
Bill Pay
Business Checking
Image of Canceled Checks
Returned with Statement
Cashier's Checks
Certificates of Deposit
Christmas Clubs
Collection Items
Commercial Loans
Debit Cards
Direct Deposits
Drive-In Service
eStatements
Individual Retirement Accounts
Interest Checking
Internet Banking
Letters of Credit
Mobile Banking
Money Market Accounts
Mortgage Loans
Night Depository
Overdraft Protection
Personal Checking
Personal Lines of Credit
Personal Loans
Regular Savings
Safe Deposit Boxes
Senior Checking
Visa and Master Card
Wire Transfers