

LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

First National Bank
Charter Number: 13918

950 John C. Calhoun Drive
Orangeburg, SC 29116

Office of the Comptroller of the Currency

Carolinas Field Office
6100 Fairview Road, Suite 1154
Charlotte, NC 28210

NOTE: This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **First National Bank** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **September 4, 2000**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

Community Development (CD) - Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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

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

Geography - A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA) - The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

Home Mortgage Loans - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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

Low-Income - Income levels that are less than 50% of the median family income.

Median Family Income (MFI) - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Small Business Loans - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

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

Upper-Income - Income levels that are 120% or more of the MFI.

Overall CRA Rating

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

The following table indicates the performance level of **First National Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	First National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- y Overall lending levels reflect excellent responsiveness to meeting the credit needs of the assessment area.
- y The overall geographic distribution of loans in the assessment area is good. The geographic distribution of HMDA loans is good. The geographic distribution of small loans to businesses is excellent.
- y The overall distribution of loans by income level in the assessment area is good. The distribution of HMDA loans by borrower income level is good. The distribution of small loans to businesses by revenue size is excellent.
- y The bank's level of CD lending is good and has a positive impact on the Lending Test conclusions. However, these loans were not innovative or complex.
- y Given the available community development investment opportunities and the dollar amount of investments made, FNB's performance is adequate.
- y FNB's delivery systems are accessible to all geographies and individuals of different income levels throughout the AA. Their ATM system provides a reasonable alternative to delivering services to low- and moderate-income

geographies. Their level of CD services is adequate.

Description of Institution

First National Bank (FNB) is an intrastate bank headquartered in Orangeburg, SC. As of December 31, 1999, FNB had assets of \$759 million. The bank operates 20 banking offices throughout the state (17 offices in the nonMSA AA and 3 in the Charleston MSA). The bank also operates 2 drive-through facilities throughout the state. FNB's primary market is the nonMSA assessment area. This area includes all or portions of 6 contiguous counties (Bamberg, Beaufort, Calhoun, Colleton, Jasper, and Orangeburg). This area represents 86% of the bank's deposits and 81% of its lending activity. FNB also has banking offices in the Charleston MSA. This area represents 14% of the bank's deposit base.

In August 1999, FNB acquired FirstBank, which included locations in Columbia, Beaufort, Bluffton and Lady's Island, SC. During the evaluation period, FNB also acquired two branches of Carolina First in Hardeeville and Ridgeland, SC. In July 2000, FNB opened a second banking office in Columbia. These activities did not affect the data used in this evaluation. The Columbia MSA is a newly delineated AA that was not in existence during the time period covering this performance evaluation. Therefore, this AA was not included in this performance evaluation. Also, the Carolina First performance was not included in this evaluation at the bank's option.

FNB is a wholly owned subsidiary of First National Corporation (FNC). FNC is headquartered in Orangeburg, SC and operates three national banks in the state headquartered in Orangeburg, York and Florence counties. FNC also operates a finance company, Credit South Financial Services Corporation. FNC had total assets of \$872 million as of December 31, 1999. FNB is the lead bank of the holding company; representing 87% of its assets.

FNB offers a full range of banking products and services. As of December 31, 1999, loans totaled \$522 million and deposits totaled \$599 million. Loans represent 69% of total assets. The distribution of FNB's loan portfolio was as follows: 1-4 family residential properties (41%); commercial (includes commercial real estate) (36%); consumer loans (16%); other loans (6%) and farm loans (1%). As illustrated by their loan mix, FNB is primarily a residential real estate lender. Small farm lending is not a significant product for the bank. FNB's Tier 1 capital is \$59 million and their risked based capital to risk weighted assets equals 13%. FNB provides trust and brokerage services which have no impact on the bank's CRA performance. There are no legal, financial or other factors impeding the bank's ability to help meet the credit needs in its assessment area (AA).

FNB's CRA performance was rated "Satisfactory" in the last public evaluation dated March 30, 1998.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated FNB's lending performance, which included residential mortgage loans subject to filing under HMDA and small loans to businesses. The evaluation period was January 1, 1998 to December 31, 1999. Small loans to farms were not evaluated, as they are not a significant lending activity of the bank. For CD loans, the investment and service tests, we evaluated FNB's activities from March 30, 1998 to August 31, 2000.

Data Integrity

In January 2000, we evaluated the accuracy of the bank's 1998 and 1999 loan data. We reviewed their HMDA, small loans to businesses, and small loans to farms loan data. We found the data to be unreliable and required the bank to correct the data. During June 2000, we evaluated the bank's corrected data for 1998 and 1999. We found the data to be reliable. We also reviewed information for the investment and service tests and found the information to be accurate. This evaluation is based on accurate data.

Selection of Areas for Full-Scope Review

During this evaluation period, FNB had two assessment areas (AAs). The nonMSA AA is the largest and includes 86% of the bank's deposits and 81% of its loans. FNB also has banking offices in the Charleston MSA. The Charleston AA represents 14% of its deposit base. The delineation of the AAs did not reflect any illegal discrimination and did not arbitrarily exclude low or moderate-income geographies.

The nonMSA AA received a full-scope review. The bank's overall rating is primarily based on the results of their performance in this AA. A limited scope review was performed on the Charleston MSA. Refer to the table in Appendix A for more detailed information.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. In assessing the bank's lending performance, the primary areas of focus were home mortgage loans and small loans to businesses. FNB is primarily a

residential real estate lender. As a result, more weight was given to HMDA loans in arriving at the bank's overall lending performance rating. In terms of HMDA products, more consideration was given to home purchase and refinance loans.

This weighting is reflective of the bank's loan volume by product type over the evaluation period.

Other

Two community contacts were made during this examination. We also reviewed one community contact that was conducted by another regulatory agency prior to this exam. The types of organizations contacted include: a CDFI, a state-wide CDC association and an economic development corporation. The primary credit needs identified by these contacts are as follows: affordable housing (rental, 1-4 family residential, and rehabilitation) and small business loans (start-up and working capital). Also, the community contacts indicated that there is a need for down payment assistance programs.

Based on information received during our contacts, there is ample opportunity for banks in the AAs to make community development loans, investments and provide community development services. There are 7 CDCs, a CDFI, a small business development center, non-profit housing organizations and credit counseling agencies that operate in the assessment areas.

Fair Lending Review

We conducted a fair lending review in April 2000. No violations of the substantive provisions of antidiscrimination laws and regulations were identified. We used a comparative file analysis for home purchase loans originated during 1998. We compared the final credit outcome for black denials to white approvals. The prohibited basis was race.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the nonMSA AA is good.

Lending Activity

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.

Overall lending levels reflect excellent responsiveness to meeting the credit needs of the assessment area. Relative to its deposit market rank, FNB's HMDA lending levels are excellent and its small loans to businesses lending levels are excellent. We did not evaluate small farm loans since this is not a significant lending activity of FNB. At June 30, 1999 FNB ranked number 1 in deposits in the nonMSA AA with a 16% market share. There are 26 financial institutions with banking offices throughout the assessment area.

Based on 1998 HMDA aggregate data, FNB ranked number 1 in overall volume of HMDA lending with a market share of 9%. In the nonMSA AA there are 306 lenders. FNB made 806 loans in the AA versus the number 2 ranked institution that made 395 loans. In terms of HMDA products, FNB ranked number 1 in all three products with a market share ranging from 7% for home purchase and refinance loans to 34% for home improvement loans.

Based on 1998 CRA aggregate data, FNB ranked number 1 in the nonMSA AA in making small loans to businesses with a 25% market share. The institution ranked number 2 has a market share of 12%. FNB made 821 loans versus the number 2 ranked institution that made 402 loans.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans in this AA is good. The geographic distribution of HMDA loans is good. The geographic distribution of small loans to businesses is excellent. There were no conspicuous gaps in the bank's lending patterns throughout its AA.

Home Mortgage Loans

Refer to Tables 2, 3 and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of HMDA loans is good.

The overall geographic distribution of *home purchase loans* is good. The bank's percent of home purchase loans in low-income tracts is near the percent of owner occupied units in these tracts. The percent of home purchase loans to moderate-income tracts is lower than the percent of owner-occupied units in moderate-income tracts. The bank's home purchase market share in low-income tracts is near its overall market share. The bank's market share in moderate-income tracts exceeds its overall market share.

The overall geographic distribution of *home improvement loans* is adequate. FNB made no loans in low-income tracts. However, owner occupied units in low-income tracts represent 1/2 of 1%. The percent of home improvement loans in moderate-income tracts is near the percent of owner-occupied units in moderate-income tracts. The bank's market share in moderate-income tracts is lower than its overall market share.

The overall geographic distribution of *refinance loans* is good. The bank's percent of refinance loans in low-income tracts equals the percent of owner occupied units in these tracts. The percent of refinance loans to moderate-income tracts is near the percent of owner-occupied units in moderate-income tracts. The bank's refinance market share in low-income tracts is near its overall market share. The bank's market share in moderate-income tracts exceeds its overall market share.

Small Loans to Businesses

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The overall geographic distribution of *small loans to businesses* is excellent. The bank's percent of small loans to businesses in low-income tracts equals the percent of businesses located in these tracts. The percent of small loans to businesses in moderate-income tracts exceeds the percent of businesses located in moderate-income tracts. The bank's market share in low-income tracts exceeds its overall market share. The bank's market share in moderate-income tracts exceeds its overall market share.

Small Loans to Farms

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

FNB's small farm lending performance was not analyzed as the volume of loans was not significant. Small farm loans represent 1% of the bank's lending activity. The data is presented in the table for informational purposes only.

Lending Gap Analysis

We evaluated the lending distribution in this AA to determine if any unexplained conspicuous gaps existed. We reviewed lending reports detailing the volume of HMDA and small loans to businesses in low- and moderate-income geographies. No unexplained conspicuous gaps were identified.

Inside/Outside Ratio

An adequate percentage of the bank's loan originations are within the assessment areas. Overall, 72% of FNB's loan originations are within their AAs. By loan product, 82% of HMDA loans and 62% of small loans to businesses was inside the AAs. This analysis was performed on the entire bank rather than by AA.

Distribution of Loans by Income Level of the Borrower

The overall distribution of loans by income level in the nonMSA AA is good. The distribution of HMDA loans by borrower income level is good. The distribution of loans to small businesses by revenue size is excellent.

Home Mortgage Loans

Refer to Tables 7, 8 and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations/purchases.

The overall distribution of HMDA loans by borrower income level is good.

The distribution of home purchase loans by borrower income level is good. The bank's percent of home purchase loans to low-income borrowers is significantly lower than the percent of low-income families residing in the AA. However, 21% of the families in the AA live below the poverty level. Based on 1990 census data, 75% of the low-income families in the AA live below the poverty level, which makes it difficult to afford and maintain a home. The bank's percent of home purchase loans to moderate-income borrowers exceeds the percent of moderate-

income families residing in the AA. The bank's home purchase loan market share to low-income borrowers is near its overall market share. Their home purchase loan market share to moderate-income borrowers equals their overall market share.

The distribution of home improvement loans by borrower income level is good. The bank's percent of home improvement loans to low-income borrowers is lower than the percent of low-income families residing in the AA. Refer to the comment under Home Purchase loans for demographic information on the poverty level. The bank's percent of home improvement loans to moderate-income borrowers exceeds the distribution of moderate-income families residing in the AA. FNB's home improvement loan market share to low-income borrowers exceeds their overall market share. The bank's home improvement loan market share to moderate-income borrowers exceeds their overall market share.

The distribution of refinanced loans by borrower income level is adequate. The bank's percent of refinanced loans to low-income borrowers is significantly lower than the percent of low-income families residing in the AA. Refer to the comment under Home Purchase loans for demographic information on the poverty level. The bank's percent of refinanced loans to moderate-income borrowers is near the distribution of moderate-income families residing in the AA. The bank's refinanced loan market share to low-income borrowers is lower than its overall market share. Their refinanced loan market share to moderate-income borrowers is near their overall market share.

Small Loans to Businesses

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The overall distribution of *small loans to businesses* by income level is excellent.

The distribution of small loans to businesses in the nonMSA AA is excellent. FNB's percentage of small loans to small businesses (businesses with annual revenues \$1 million or less) exceeds the percentage of small businesses in the AA. FNB's market share of small loans to small businesses exceeds their overall market share of small loans to all businesses. The majority of FNB's small loans to businesses are for amounts \$100 thousand or less.

Small Loans to Farms

Refer to Table 11 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to

businesses.

The bank's small farm lending activity was not analyzed. The data is presented in the table for informational purposes only.

Community Development Lending

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

FNB's level of community development loans is good based on the available lending opportunities within the bank's AA. The bank's CD lending has a positive impact on the Lending Test conclusions for the nonMSA AA. These loans are not complex or innovative in nature. FNB's CD lending efforts focused on affordable housing and stabilization and revitalization; both needs in the AA. During this evaluation period, FNB made \$3,063,000 in qualified community development loans. This amount represents 5% of Tier 1 capital. A summary of these loans is detailed below.

- 1) A \$2.5 million loan to a small business with proceeds used to purchase and renovate a mall in Orangeburg County. The renovation of the mall is intended to support permanent job creation and retention for low- and moderate-income individuals by attracting new businesses to the mall and retaining the existing seven businesses. The existing businesses employ 111 individuals, of which the vast majority of the individuals are low- or moderate-income. This is a qualified community development loan because it promotes economic development by financing small businesses which results in job creation and retention for low- and moderate-income individuals.
- 2) Two construction loans totaling \$323 thousand to individuals to build 3 quadraplexes. The rental rates are affordable for moderate-income individuals. These loans are qualified community development loans because they provide affordable housing for low- or moderate-income individuals.
- 3) A \$140 thousand loan to the Town of Ellore (Orangeburg County). Loan proceeds, along with state and federal grants, will be used to stabilize and revitalize this blighted area by renovating the downtown area. This renovation project will attract new businesses to the area, thereby creating additional jobs primarily for low- and moderate-income individuals. The entire Town of Ellore is located in a moderate-income geography with approximately 60% of the town's 1,000 families categorized as low- or moderate-income. This activity is part of a written revitalization plan for the Town. This is a qualified community development loan because it provides activities that revitalizes and stabilizes low- or moderate-income geographies through job creation.
- 4) An \$100 thousand loan to a Community Development Financial Institution (CDFI), which provides micro loans to small businesses. The loan proceeds were used as seed money for the revolving loan program. This is a qualified community

development loan because it promotes economic development by financing small businesses.

Product Innovation and Flexibility

FNB does not offer innovative or flexible products specifically targeted to low- or moderate-income individuals.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Charleston MSA is not inconsistent with the bank's overall "High Satisfactory" performance under the Lending Test. Refer to Tables 1 through 11 in Appendix C for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "Low Satisfactory". Based on a full-scope review, the bank's performance in the nonMSA AA is adequate.

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Given the available CD opportunities and dollar amount of investments in the AA, FNB's performance is adequate. Refer to the Scope of the Evaluation section for additional information on the available CD opportunities in this AA. During this evaluation period, the bank made \$927 thousand in qualified investments to qualified CD organizations. These investments are not considered innovative or complex in nature but are responsive to identified needs in the community. The investments benefited organizations that are involved in providing affordable housing, economic development and community services for low- and moderate-income individuals. Of the \$927 thousand, \$860 thousand is attributed to an economic development bond. The majority of the bond proceeds benefit a broader statewide area that includes the bank's AA. A description of the bond follows:

SC Jobs Economic Development Activity Loan Trust - \$1 million

Purchased 5/98. The purpose of this bond is to finance economic development projects that benefit low and moderate-income individuals. The bond proceeds were used to make loans to small businesses throughout the state of SC, which includes the bank's AA. The bond is secured by 16 small business loans, of which

4 are in the bank's AA. This bond is allocated to both AAs based on their relative proportion of the bank's deposits. \$860 thousand was allocated to the nonMSA AA.

The remaining \$67 thousand consists of qualified grants and donations to CD organizations. These organizations are involved in providing affordable housing for low- or moderate-income individuals and providing community services for low- and moderate-income individuals. Also, FNB made qualified grants and donations to a CDFI that promotes economic development by financing small businesses. There are no prior period investments that are still outstanding.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in the Charleston MSA is not inconsistent with the bank's overall "Low Satisfactory" performance under the Investment Test.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the nonMSA AA is good.

Retail Banking Services

Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

FNB's delivery systems are accessible to all geographies and individuals of different income levels throughout the full-scope AA. FNB has 17 branches throughout the nonMSA AA. In low-income geographies, the percent of the bank's branches exceeds the percent of the population residing in these areas. In moderate-income geographies, the percent of the bank's branches is near the percent of the population residing in these areas. Furthermore, the majority of the low- and moderate-income families reside in moderate and middle-income geographies. In both geographies, the percent of the bank's branches is near the percent of the population residing in these areas.

The bank also operates 17 deposit taking and 2 cash dispensing ATMs throughout the AA. Of the deposit-taking ATMs, 6% are located in low-income and 35% are in moderate-income geographies. The bank's percent of ATMs in low- and moderate-income geographies exceeds the percent of the population residing in these

geographies. The bank's ATM system provides a reasonable alternative to delivering retail services to low- and moderate-income geographies.

FNB offers a wide range of banking services. The banking services and hours of operation do not vary significantly from one branch to another, but are tailored to meet the needs of the location in which the banking office operates. FNB has two banking offices that are opened on Saturdays; one office is located in a middle-income and the other is located in an upper-income geography.

The bank's record of opening and closing branches has not adversely affected the delivery of retail services to the AA, particularly to low or moderate-income areas. FNB did not close any branches in low-income geographies during this evaluation period. However, one branch in a moderate-income geography was closed. FNB has 2 banking offices in the same geography as the closed branch. One of the banking offices is located less than 1 mile from the closed facility.

Community Development Services

The overall level of community development services is adequate.

The level of community development services provided in the nonMSA AA is adequate based on the number of employees participating and number of organizations benefiting. The types of services provided are not innovative in nature, but are responsive to the needs of the community. Eight employees provided financial services to eight community development organizations. The following financial services were provided to qualified community development organizations during this evaluation period: serving as a board member, president, secretary or treasurer for five organizations which provide affordable housing for low- and moderate-income individuals; serving as a member of the board on a CDFI and serving as Vice Chairman for two organizations that revitalize and stabilize low-or moderate-income geographies through job creation, improvement or retention.

FNB employees also conducted two credit-training workshops during this evaluation period. One workshop was provided to a CDFI. The workshop included training materials to help the CDFI better understand prospective industries and companies. The other workshop, "Basic Investments", was hosted by Habitat for Humanity and provided savings tips to individuals in setting priorities, establishing a budget, and avoiding credit traps. Eight individuals attended.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Charleston MSA is not inconsistent with the bank's overall "High Satisfactory" performance under the Service Test.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term Δ Full-Scope) and those that received a less comprehensive review (designated by the term Δ Limited-Scope).

Time Period Reviewed	Lending Test (excludes CD Loans): (01/01/98 to 12/31/99) Investment and Service Tests and CD Loans: (03/30/98 to 08/31/00)	
Financial Institution	Products Reviewed	
First National Bank (FNB) Orangeburg, SC	HMDA, small loans to businesses and CD loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
NonMSA AA Charleston MSA#1440	Full Scope Limited-Scope	

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

NonMetropolitan AA	B-1
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Nonmetropolitan AA

Demographic Information for Full-Scope Area: Nonmetropolitan AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	44	2%	34%	52%	12%	0%
Population by Geography	186,233	1%	34%	52%	13%	0%
Owner-Occupied Housing by Geography	48,768	1%	31%	54%	14%	0%
Businesses by Geography	7,535	5%	28%	39%	28%	0%
Farms by Geography	549	1%	27%	62%	10%	0%
Family Distribution by Income Level	49,165	26%	16%	19%	39%	0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	20,763	2%	41%	50%	7%	0%
Median Family Income	= \$26,904	Median Housing Value		= \$61,504		
HUD Adjusted Median Family Income for 1999	= \$38,800	Unemployment Rate		= 6.5%		
Households Below the Poverty Level	= 23.70%					

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 1999 HUD updated MFI.

FNB operates 17 full service branches and 17 deposit-taking ATMs in the nonMSA AA. This AA includes the following counties in their entirety: Bamberg, Calhoun, Colleton, Jasper, and Orangeburg. The bank's AA also includes 5 census tracts in southern portion of Beaufort County. FNB's branches are located in the southern portion of Beaufort County. All counties in the bank's AA are contiguous. The bank's delineation did not exclude any low- or moderate-income geographies. Approximately 86% of FNB's total deposits and 81% of their loans are located in this AA.

These areas are distressed with high rates of unemployment, well above the state average of 4.5%, and poverty. The AA is highly dependent on manufacturing jobs. Major employing industries include Frigidaire Home Products (2000 employees) and Koyo Corporation (720 employees).

Competition in the AA is strong. There are 26 financial institutions with banking offices in the AA. Major competitors in the AA include several community banks, branches of 3 multinational banks, and offices of 4 regional banking companies. FNB is ranked first in deposit market share in this AA with a 16% market share. FNB's primary business focus is residential real estate lending.

Refer to the Scope of the Evaluation section of the Performance Evaluation for additional information on the identified credit needs and the community development lending, investment, and service opportunities in this AA.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the Δ bank include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

The following is a listing and brief description of the tables:

Table 1. Lending Volume - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.

Table 2. Geographic Distribution of Home Purchase Loans - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

Table 3. Geographic Distribution of Home Improvement Loans - See Table 2.

Table 4. Geographic Distribution of Refinance Loans - See Table 2.

Table 5. Geographic Distribution of Small Loans to Businesses - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 12. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

Table 13. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

Table 1. Lending Volume

LENDING VOLUME		State: South Carolina				Evaluation Period: January 1, 1998 to December 31, 1999			
MSA/Assessment Area:	% of Rated Area Deposits in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)		
Full-Scope:									
NonMSA AA	86%	1,570	135,986	1,170	41,283	115	3,322		
Limited-Scope:									
Charleston MSA	14%	333	16,186	253	10,255	74	1,221		

(*) Deposit data as of June 30, 1999.

(**) The evaluation period for Home Mortgage Loans, Small Loans to Businesses and Small Loans to Farms is January 1, 1998 to December 31, 1999.

(***) The evaluation period for Community Development Loans is March 30, 1998 to August 31, 2000.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		State: South Carolina				Evaluation Period: January 1, 1998 to December 31, 1999				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		
Full-Scope:										
NonMSA AA	1%	< 1%	31%	24%	54%	42%	14%	34%	1	
Limited-Scope:										
Charleston MSA	N/A	N/A	35%	47%	65%	53%	N/A	N/A	3	

(*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

(**) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		State: South Carolina				Evaluation Period: January 1, 1998 to December 31, 1999				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		
Full-Scope:										
NonMSA AA	1%	0%	31%	29%	54%	62%	14%	9%	1	
Limited-Scope:										
Charleston MSA	N/A	N/A	35%	57%	65%	43%	N/A	N/A	1	

(*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

(**) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE				State: South Carolina		Evaluation Period: January 1, 2018 - December 31, 2018				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Overall Market Share**
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		
Full-Scope:										
NonMSA AA	1%	1%	31%	26%	54%	44%	14%	29%	1	8%
Limited-Scope:										
Charleston MSA	N/A	N/A	35%	60%	65%	40%	N/A	N/A	2	7%

(*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

(**) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table 5. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES					State: South Carolina		Evaluation Period: January 1, 1999			
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Overall
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		
Full-Scope:										
NonMSA AA	5%	5%	28%	30%	39%	53%	28%	12%	1	2
Limited-Scope:										
Charleston MSA	N/A	N/A	27%	55%	73%	45%	N/A	N/A	3	1

(*) Based on 1998 Aggregate Small Business Data only. Market rank is for all income categories combined.

(**) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

Table 6. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS					State: South Carolina		Evaluation Period: January 1, 1999			
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Overall
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		
Full-Scope:										
NonMSA AA	1%	0%	27%	36%	62%	62%	10%	2%	1	5
Limited-Scope:										
Charleston MSA	N/A	N/A	50%	62%	50%	38%	N/A	N/A	1	7

(*) Based on 1998 Aggregate Small Farm Data only. Market rank is for all income categories combined.

(**) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

Table 7. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE					State: South Carolina		Evaluation Period: January 1, 1999			
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Overall
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		
Full-Scope:										
NonMSA AA	26%	5%	16%	18%	19%	19%	39%	58%	1	
Limited-Scope:										
Charleston MSA AA	24%	14%	17%	22%	25%	28%	34%	36%	3	

(*) As a percentage of loans with borrower income information available. No information was available for 3% of loans originated and purchased by the bank.

(**) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

(***) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 8. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT					State: South Carolina		Evaluation Period: January 1, 199			
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Ove
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		
Full-Scope:										
NonMSA AA	26%	19%	16%	24%	19%	27%	39%	30%	1	3
Limited-Scope:										
Charleston MSA	24%	43%	17%	31%	25%	8%	34%	18%	1	3

(*) As a percentage of loans with borrower income information available. No information was available for 3% of loans originated and purchased by the bank.

(**) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

(***) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE					State: South Carolina		Evaluation Period: January 1,			
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Ove
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		
Full-Scope:										
NonMSA AA	26%	4%	16%	12%	19%	21%	39%	63%	1	8
Limited-Scope:										
Charleston MSA	24%	8%	17%	17%	25%	29%	34%	46%	2	7

(*) As a percentage of loans with borrower income information available. No information was available for 5% of loans originated and purchased by the bank.

(**) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

(***) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		State: South Carolina		Evaluation Period: January 1, 199	
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size		
	% of Businesses*	% BANK Loans**	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000
Full-Scope:					
NonMSA AA	72%	93%	94%	4%	2%
Limited-Scope:					
Charleston MSA	71%	93%	94%	3%	3%

(*) Businesses with revenues of \$1 million or less as a percentage of all businesses.
 (**) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 3% of small loans to businesses originated and purchased by the bank.
 (***) Based on 1998 Aggregate Small Business Data only.
 (****) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

Table 11. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		State: South Carolina		Evaluation Period: January 1, 1998	
MSA/Assessment Area:	Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size		
	% of Farms*	% BANK Loans**	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000
Full-Scope:					
NonMSA AA	93%	98%	93%	7%	0%
Limited-Scope:					
Charleston MSA	88%	100%	99%	1%	0%

(*) Farms with revenues of \$1 million or less as a percentage of all farms.
 (**) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 8% of small loans to farms originated and purchased by the bank.
 (***) Based on 1998 Aggregate Small Farm Data only.
 (****) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS		State: South Carolina		Evaluation Period: March 30, 1998 to August 31,			
MSA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total		
	#	\$ (000's)	#	\$ (000's)	#	\$	
Full-Scope:							
NonMSA AA	0	0	17	927	17		
Limited-Scope:							
Charleston MSA	0	0	1	140	1		

(*) A Prior Period InvestmentsΔ means investments made in a previous evaluation period that are outstanding as of the examination date.

(**) A Unfunded CommitmentsΔ means legally binding investment commitments that are tracked and reported by the bank's financial reporting system.

Table 13. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				State: South Carolina				Evaluation Period: M			
MSA/Assessment Area:	Deposits	Branches				Branch Openings/Closings					
	% of Rated Area Deposits in MSA/AA	# of BANK Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change	
				Low	Mod	Mid	Upp			Low	Net
Full-Scope:											
NonMSA AA	86%	17	85%	6%	29%	47%	18%	3	4	0	-
Limited-Scope:											
Charleston MSA	14%	3	15%	N/A	33%	66%	N/A	0	0	0	