



**SMALL BANK**

---

Comptroller of the Currency  
Administrator of National Banks

---

## **PUBLIC DISCLOSURE**

**May 20, 2002**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank of South Carolina  
Charter Number # 10680**

**801 Gilway Street  
Holly Hill, South Carolina 29059**

**Office of the Comptroller of the Currency  
Carolinas Field Office  
6100 Fairview Road, Suite 1154  
Charlotte, North Carolina 28210**

**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

# TABLE OF CONTENTS

<b>General Information/Institution Rating.....</b>	<b>1</b>
<b>Description Of Institution.....</b>	<b>2</b>
<b>Description Of Assessment Areas.....</b>	<b>3</b>
<b>Conclusions About Performance Criteria.....</b>	<b>4</b>

## 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 Community Reinvestment Act (CRA) performance of the **First National Bank of South Carolina**, prepared by **The Office of the Comptroller of the Currency**, as of December 31, 2001. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

### **INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

- **Loan to Deposit Ratio** - The institution exhibits more than a **reasonable** loan-to-deposit ratio.
- **Lending in Assessment Area** - The institution extends a **substantial majority** of its loans within the assessment area.
- **Lending to Borrowers of Different Incomes and Sizes** - The institution's record of lending to borrowers' of different income levels is excellent for home mortgage loans. The institution's record of lending to businesses of different sizes is **reasonable**.
- **Geographic Distribution of Loans** - The institution's distribution of loans within its assessment area by geography is **reasonable**.
- **Response to Complaints** - The bank has not received any CRA related complaints since the institution began operations.

## DESCRIPTION OF INSTITUTION

First National Bank of South Carolina (FNBSC) is an intrastate financial institution with eight (8) banking offices throughout the assessment areas (AA's). The bank's main office is located in Holly Hill, South Carolina. These branches are no more than thirty (30) miles from the main office. In addition to the main office, the bank has three (3) offices located in Summerville, South Carolina, one (1) branch in Eutawville, South Carolina, one (1) office in Harleyville, South Carolina, one (1) branch in Ridgeville, South Carolina, and one (1) branch in Goose Creek, South Carolina. All of the offices have an automatic teller machine except Eutawville. The bank opened for business in 1905.

FNBSC is a wholly owned subsidiary of First National Bank Corporation (FNBC), a one bank holding company. FNBC is headquartered in Holly Hill, South Carolina and had total assets of \$119 million as of December 31, 2001.

FNBSC offers a full range of banking products and services. As of December 31, 2001, total assets were \$119 million with net loans representing 54% of total assets. The loan portfolio is comprised of the following loan types:

<b>Loan Types</b>	<b>Amount (000's)</b>	<b>Percentage</b>
Commercial, Industrial, Non-farm, Non-residential Real Estate Loans	\$ 34,878	54%
1-4 Family Residential	\$ 13,259	20%
Consumer Loans	\$ 7,570	12%
Construction and Land Development	\$ 4,889	8%
Other Loans (Farmland, etc.)	\$ 2,664	4%
Home Equity	\$ 1,108	2%
<b>Total</b>	<b>\$ 64,368</b>	<b>100%</b>

As illustrated by their loan mix, the majority of the bank's lending is centered in commercial and commercial real estate loan products, which is consistent with the institution's overall strategic goals and objectives. FNBSC's Tier One capital is \$18 million and their total Risked Based Capital to Risk Weighted Assets equals 24%. There is no legal, financial or other factors impeding the bank's ability to help meet the credit needs in its two AA's.

As of September 30, 1997, FNBSC's performance was rated "Satisfactory" in the last public evaluation dated February 25, 1998.

## DESCRIPTION OF THE ASSESSMENT AREAS

The Bank has two AA's located within three (3) contiguous counties in the southern portion of South Carolina. The larger of the two (2) AA's consists of census tracts within the North Charleston/Charleston Metropolitan Statistical Area (MSA). The 28 census tracts within the MSA are divided between North Charleston, Dorchester and Berkeley counties.

The second AA is comprised of the 3 census tracts located in the Non-MSA area of Orangeburg County. This county borders the North Charleston/Charleston MSA. The bank's assessment areas meet the legal requirements of the regulation and do not arbitrarily exclude any low-or-moderate-income areas.

We determined the credit needs of the community through discussions with management and three local community contacts. The contacts consisted of local city and government officials. The contacts identified affordable housing as a primary credit need, which is currently being addressed by the financial institutions. The primary concern was the need to manage growth and assure adequate infrastructure (roads, water, and sewer systems).

***North Charleston/Charleston MSA Assessment Area:***

The 1990 census reported 28 census tracts within the North Charleston/Charleston MSA. There are no low-income census tracts within this AA. The AA consists of 6 moderate-income census tracts (21% of the total number of census tracts). Also, there are 17 middle tracts (61% of the total census tracts) and 5 upper income tracts (18% of the total tracts) within the AA. The population of the MSA is 184,018. Approximately 49,421 families reside in the AA. Of this total, 17% are classified as low-income, 17% are moderate-income, 26% are middle-income and 40% are upper income. Total housing units are 67,346 with owner-occupied housing units at 92%, rental-occupied housing at 27%, and vacant housing units at 8% of the AA. Lending to borrowers of different incomes was evaluated on the basis of the 2001 statewide MSA median family income of \$46,300.

***Orangeburg County Non-MSA Assessment Area:***

This AA consists of 3 census tracts. There are no low-or upper-income designated census tracts within the non-MSA AA. There are two moderate-income census tracts, which represent 67% of the total census tracts, and one middle-income census tract, which equals 33% of the total tracts within this AA. The 1990 census reported a population within these census tracts of 14,622. Approximately 3,837 families reside in the AA. Of this total, 32% are classified as low-income, 17% are moderate-income, 20% are middle-income and 31% are upper income. Total housing units are 6,121 with owner-occupied housing units at 81%, rental-occupied housing at 15.57%, and vacant housing units at 19% of the AA. Lending to borrowers of different incomes was evaluated on the basis of the 2001 statewide non-MSA median family income of \$41,700.

The bank's designated AA's consist primarily of manufacturing business activity. Major employers for the area include Bosch Incorporated, an auto parts manufacturer, three cement companies, Westvaco, a paper manufacturer, and city and county government. Competition in the institution's area includes several regional and community banks, credit unions, and numerous finance companies. The bank's main competitors in the MSA areas are larger regional institutions with sizable asset structures. In the non-MSA AA, the bank's primary competition is

another community bank that is comparable in size and business philosophy. Based on the bank's size and operating history, there are no other similarly situated banks in the AA that can be used for comparison purposes.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

### Loan to Deposit Ratio

The quarterly average loan-to-deposit ratio since the previous CRA examination as of September 30, 1997 is satisfactory at 64%. This ratio appears reasonable compared to average loan-to-deposit ratios for peer banks at 75%. For comparison purposes, there are no similarly situated institutions in the bank's AA based on the size of this institution and the AA's.

### Lending in the Assessment Area

A substantial majority of the bank's lending is within its defined AA's. Overall, 93% of the FNBSB loan originations are within their AA's (88% of the dollar volume). By loan product, 94% of the number and 90% of the dollar volume of home mortgage loans were inside the bank's AA's. In terms of commercial loans, 88% of the number and 75% of the dollar volume were inside the bank's AA's.

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

#### *North Charleston/Charleston MSA Assessment Area:*

FNBSB distribution of home mortgage loans is excellent. We reviewed all home purchase, refinance, and home improvement loans originated during 1998 - 2001 made within the MSA to determine the bank's distribution of lending to borrowers of different incomes. The bank made 26% of their home mortgage loans to low-income borrowers. This compares favorably to demographics of 17%. They made 36% of their loans to moderate-income borrowers, which significantly exceeded demographics of 17%. A summary of these findings is detailed on the next page:

<b>HMDA Origination's to Borrower's of Different Income Levels Within the MSA</b>					
<b>Income Category</b>	<b># of Loans</b>	<b>% of Orig. Loans</b>	<b>\$ of Orig. Loans (000's)</b>	<b>% of \$ Orig. Loans</b>	<b>Demographics</b>
<b>Low</b>	56	26%	353	10%	17%
<b>Moderate</b>	76	36%	1,143	31%	17%
<b>Middle</b>	37	17%	637	18%	25%

<b>Upper</b>	43	20%	1,395	38%	41%
<b>N/A</b>	1	1%	104	3%	N/A
<b>Total</b>	<b>213</b>	<b>100%</b>	<b>\$3,632</b>	<b>100%</b>	<b>100%</b>

\*Based on 1998-2001 Home Mortgage Disclosure Act Loan Application Register (HMDA LAR)

In terms of commercial loans, the bank made 72% of their commercial loans to small businesses (businesses with annual revenues of \$1 million or less) compared to a demographic ratio of 88%. Based on our sample of 25 commercial loans, a substantial portion (72%) of the bank's loans were for amounts less than \$100M.

***Orangeburg County Non-MSA Assessment Area:***

FNBSB's distribution of home mortgage loans is satisfactory for their Non-MSA AA. We reviewed all home mortgage, refinance, and home improvement loans originated during 1998-2001 within the Non-MSA to determine the bank's distribution of lending to borrowers of different incomes. The bank made 33% and 20% of their home mortgage loans respectively to low and moderate-income borrowers. Demographic information shows that 32% of the families in the assessment area are low-income and 17% are moderate-income. The bank's performance compares favorably to demographic information. A summary of these findings is detailed below:

<b>HMDA Origination's to Borrower's of Different Income Levels Within the Non-MSA</b>					
<b>Income Category</b>	<b># of Loans</b>	<b>% of Orig. Loans</b>	<b>\$ of Orig. Loans (000's)</b>	<b>% of \$ Orig. Loans</b>	<b>Demographics</b>
<b>Low</b>	67	33%	290	8%	32%
<b>Moderate</b>	42	20%	483	14%	17%
<b>Middle</b>	46	23%	1,002	28%	20%
<b>Upper</b>	50	24%	1,772	50%	31%
<b>Total</b>	<b>205</b>	<b>100%</b>	<b>\$3,547</b>	<b>100%</b>	<b>1%</b>

\*Based on 1998-2001 Home Mortgage Disclosure Act Loan Application Register (HMDA LAR)

The bank's overall distribution of commercial loans is reasonable. The bank made 80% of their commercial loans to small businesses (businesses with annual revenues of \$1 million or less). Although this is below the demographic ratio of 86%, it remains reasonable. Small businesses make up a material portion of the bank's commercial loan portfolio.

**Geographic Distribution of Loans**

***North Charleston/Charleston MSA Assessment Area:***

Distribution of commercial lending within the AA is reasonable. The AA has no low-income census tract within the MSA. The bank's lending in moderate-income census tract represents 8% of their commercial lending activity. This is below demographic information, which shows that 13% of the businesses are located in moderate-income census tracts. In the moderate-income

census tracts, 871 small businesses are located in these tracts with 1-4 employees.

Overall, the geographic distribution of home mortgage loans is good. There are no low-income census tracts in the bank's AA. In moderate-income census tracts, the bank made 21% of their loans in these areas. This compares favorably to demographic information, which shows that 14% of owner-occupied units are located in moderate-income census tracts.

***Orangeburg County Non-MSA Assessment Area:***

Distribution of commercial lending within the AA is good. The bank has no low-income census tracts within the Non-MSA AA. In moderate-income census tracts, FNBSC made 88% of their loans in these areas. This compares favorably to demographic information, which shows that 80% of the businesses in the AA are located in these areas.

Overall, the geographic distribution of HMDA loan is reasonable. There are no low or upper income tracts in the AA. Fifty percent (50%) of the bank's loans were made in moderate-income census tracts compared to the demographic ratio of 69%. One factor, which contributed to the bank's low performance in these areas, is the fact that mobile homes represent 32% of the housing stock in the moderate-income tracts. In addition, mobile home purchases are largely financed by finance companies.

**Review of Complaints**

The bank has received no complaints during the assessment period.

**Fair Lending Review**

An analysis of 1999 through 2001 public comments, consumer complaint information, and HMDA lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed in 1997. Based on previous fair lending examinations, the bank has a satisfactory record of complying with anti-discrimination laws and regulations.