



Comptroller of the Currency
Administrator of National Banks

LARGE BANK

PUBLIC DISCLOSURE

March 30, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank
Charter Number 13918**

**245 John C. Calhoun Drive, SE
Orangeburg, South Carolina 29115**

**Comptroller of the Currency
Carolinas Field Office
6100 Fairview Road, Suite 1154
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NOTE: 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.

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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 Community Reinvestment Act (CRA) performance of **First National Bank (FNB)** prepared by **The Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **March 30, 1998**. 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 C.F.R. Part 25.

INSTITUTION

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

The following are the primary factors supporting FNB's performance under the Lending, Investment, and Service tests.

Lending Test

- FNB's geographic distribution of loans was excellent. Its distribution of loans to borrowers of different income levels and businesses of different sizes reflected good performance. A high percentage of loans were made within the bank's assessment areas. Additionally, the bank has generated a reasonable level of community development loans.

Investment Test

- FNB has made an adequate level of qualified investments.

Service Test

- Delivery systems are reasonably accessible to geographies and individuals of different income levels. The bank has provided a reasonable level of community development services.

The following table indicates the performance level of FNB with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	<u>First National Bank Orangeburg</u>		
	PERFORMANCE TESTS		
	Lending Test ¹	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			

¹ The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

DESCRIPTION OF INSTITUTION AND ASSESSMENT AREA

FNB is a subsidiary of First National Corporation (FNC), a \$566 million institution headquartered in Orangeburg, South Carolina. FNC operates three banks in South Carolina headquartered in Orangeburg, York, and Florence counties. FNB is the largest of the three banks and had total assets of \$520 million as of December 31, 1997. The bank's loan portfolio consisted of residential real estate (\$109 million), commercial real estate (\$88 million), commercial (\$50 million), consumer (\$69 million), agricultural (\$6 million) and other (\$9 million) loans. The bank also provides trust services. There are no legal, financial, or other reasons that would impede the bank's ability to meet the credit needs of its assessment areas.

FNB's assessment areas consist of all or portions of Bamberg, Beaufort, Berkeley, Calhoun, Colleton, Dorchester, Jasper, and Orangeburg counties within the state of South Carolina. Dorchester and Berkeley counties are located within the Charleston - North Charleston Metropolitan Statistical Area (MSA). The other six counties are located in non MSA areas. FNB's assessment areas comply with regulatory requirements and do not arbitrarily exclude any low and moderate income geographies. The bank operates twenty branch offices within its assessment areas. The following table details the bank's assessment areas and illustrates that Orangeburg County is the largest assessment area as measured by population, number of branches, and total deposits.

Table - 1 National Bank of South Carolina's Assessment Areas				
ASSESSMENT AREA	POPULATION	NUMBER OF BRANCHES	TOTAL DEPOSITS AS OF 6/30/97 (MILLIONS)	DEPOSIT MARKET SHARE AND RANKING BY COUNTY ²
Bamberg County. Entire county except Block Numbering Area (BNA) 9605.98	16,902	2	34	Mkt. Share: 26% Ranking: 2nd
Beaufort County: Only BNAs 1, 21, & 22	10,072	1	14	Mkt. Share: 1% Ranking: 14th
Calhoun County: Entire county	12,753	1	15	Mkt. Share: 22% Ranking: 2nd
Colleton County. Entire county except BNA 9709.98	34,377	3	58	Mkt. Share: 24% Ranking: 1st
Jasper County. Entire county	15,487	2	36	Mkt. Share: 27% Ranking: 2nd
Orangeburg County. Entire county except Census Tracts (CTs) 101 & 102	75,546	8	195	Mkt. Share: 29% Ranking: 1st
Berkeley County: Only CTs 201.98, 205.01, 205.02, 206, & 207.07	37,709	3	65	Mkt. Share: 9% Ranking: 5th
Dorchester County: Only CTs 101, 102, & 103				
	202,846	20	417	

Source: 1990 Census Data - U.S. Bureau of the Census, Federal Deposit Insurance Corporation and Office of Thrift Supervision's Summary of Deposits Internet site, and bank provided information

Competition is strong. Approximately thirty deposit taking financial institutions have branch offices within the eight counties noted above. FNB is the largest financial institution in Orangeburg and Colleton counties based on deposit market share as of June 30, 1997.

The bank's assessment areas consist of 50 geographies. According to 1990 census information, 1 (2%) of the geographies is low income, 17 (34%) are moderate income, 27 (54%) are middle income, 3 (6%) are upper income, and 2 (4%) lack sufficient population to be assigned an income

² Deposit market share and ranking data was provided as a tool for assessing the relative size of FNB. It is not a measure of FNB's CRA performance.

level. The low income geography is located in the city of Orangeburg. As of the 1990 census, the assessment areas had a population of approximately 203,000. As a whole, the assessment areas consist of 6% of total South Carolina geographies, 6% of the state's population, and 3% and 10% of low and moderate income geographies, respectively. The assessment areas have approximately 53,000 families of which 27% are low income, 17% are moderate income, 20% are middle income, and 36% are upper income. As of 1997, the statewide adjusted non MSA median family income was \$34,700.

Available information on businesses in the assessment areas reflects a total of 4,640 businesses, including 3,433 (74%) small businesses (revenues less than or equal to \$1,000,000). The assessment areas have 190 farms, including 163 (86%) small farms (revenues less than \$1,000,000).

The credit related needs in the bank's assessment areas include the following.

- Affordable housing (i.e. single family rental, multifamily rental, home ownership, and rehabilitation) for low income individuals. Public and rental assisted housing was also identified as a need.
- Small business loans with flexible loan terms. Insufficient collateral was noted as a primary reason why individuals do not qualify for a loan.
- Economic development loans with proceeds used to build and renovate commercial buildings, for warehouse, office, and retail space.
- Education pertaining to financial services such as home buying seminars, credit counseling, and small business counseling.

These community needs were determined by contacting two community representatives. To augment information received from our contacts, we also reviewed five community contact forms previously completed by representatives of the OCC and other regulatory agencies. Types of organizations contacted included local governmental agencies, housing and small business organizations, and nonprofit organizations.

Although somewhat limited, opportunities for qualified investments, community development loans, and community development services do exist within the bank's assessment areas. These opportunities include non-profit housing organizations, credit counseling agencies, small business development centers, and community development corporations (CDCs). The CDCs are in their infancy stage. Consequently, their capacity to partner with financial institutions to provide affordable housing, small business, and community development loans and services is limited.

FNB received a rating of "outstanding" at the last CRA examination in March of 1996. This

examination covers FNB's performance from January 1, 1996 to March 30, 1998. See the Appendix of this report for a definition of terms used within this public evaluation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Lending Test

In assessing FNB's lending performance, we focused our review on small business, small farm, HMDA, and consumer loans. The bank elected to provide us 1997 consumer loan data for our review.

Assessment Area Concentration

Table 2 indicates a substantial majority of FNB's loans were made within its assessment areas. In 1997, 83%, 83% and 88%, respectively, of small business - farm loans, HMDA, and consumer loans were originated within the bank's assessment areas. In 1997, 86% of all loans were originated within the bank's assessment areas.

Table - 2 Ratio of Loans Inside the Bank's Assessment Area (AA) All Assessment Areas						
	Small Business - Farm		HMDA		Consumer	
	1996	1997	1996	1997	1996	1997
Number						
# of Loans Inside AA	1,302	1,133	878	875	N.A.	1,133
% of Loans Inside AA	85%	83%	84%	83%	N.A.	88%
Dollars (000's)						
\$ of Loans Inside AA	\$52,860	\$52,504	\$36,729	\$45,219	N.A.	\$52,504
% of Loans Inside AA	80%	76%	74%	78%	N.A.	76%

Source: FFIEC HMDA Loan Application Registers, Small Business Data Collection Registers, and Consumer Loan Data Register

Lending Activity

Loans originated during the evaluation period reflect a good responsiveness to the identified

credit needs. The bank has originated small business, affordable housing, and community development loans. FNB's average loan-to-deposit ratio for 1997 was 77%. This ratio compares favorably to the average (70%) of the other three banks headquartered in Orangeburg County.

Geographic Distribution of Loans

FNB's geographic distribution of small business, farm, and HMDA loans reflected excellent penetration throughout low and moderate income geographies. The bank's geographic distribution of consumer loans was good. We did not identify any conspicuous gaps in the penetration of geographies within the bank's assessment areas.

Table 3 compares the bank's level of small business loans with the proportionate number of businesses operating in the type of geography. In 1996, 5% and 34% of FNB's loans were originated in low and moderate income geographies, respectively. The penetration is considered excellent in low income geographies and good in moderate income geographies when compared to the percentage of businesses located in low (3%) and moderate (33%) income geographies. In 1996, FNB's performance was better than the aggregate market's distribution of small business loans in low (4%) and moderate (31%) income geographies. In 1997, FNB's distribution of loans improved and was considered excellent for both low and moderate income geographies.

Table - 3 Geographic Distribution of Small Business Loans All Assessment Areas									
Tract Income Level	% of Businesses by Location	Distribution of Loans by Location							
		1996				1997			
		#	%	\$ (000's)	%	#	%	\$ (000's)	%
Low Income	3%	56	5%	\$4,001	8%	82	8%	\$5,865	12%
Moderate Income	33%	405	34%	17,112	36%	372	36%	15,860	33%
Middle Income	57%	606	52%	21,695	45%	485	48%	21,000	44%
Upper Income	7%	107	9%	5,291	11%	83	8%	5,438	11%
Total	100%	1,174	100%	\$48,099	100%	\$1,022	100%	\$48,163	100%

Source: Dun & Bradstreet, Inc. and Small Business Data Collection Registers

Table 4 compares the bank's level of small farm loans with the proportionate number of farms operating in the type of geography. In 1996, 42% of FNB's loans were originated in moderate income geographies. The penetration is considered excellent when compared to the percentage of

farms located in moderate (22%) income geographies and the percentage of the aggregate market's loans made in moderate (38%) income geographies. FNB did not originate any farm loans in low income geographies. However, this is not a concern given available demographic data indicates only two farms are located in low income geographies. The bank's performance in 1997 was similar to that of 1996.

Table - 4 Geographic Distribution of Small Farm Loans All Assessment Areas									
Tract Income Level	% of Farms by Location	Distribution of Loans by Location							
		1996				1997			
		#	%	\$ (000's)	%	#	%	\$ (000's)	%
Low Income	1%	0	0%	\$0	0%	0	0%	\$0	0%
Moderate Income	22%	78	42%	2,357	49%	48	43%	1,423	33%
Middle Income	74%	102	54%	2,275	48%	62	56%	2,883	66%
Upper Income	3%	8	4%	129	3%	1	1%	35	1%
Total	100%	188	100%	\$4,761	100%	111	100%	\$4,341	100%

Source: Dun & Bradstreet, Inc. and Small Business Data Collection Registers

Table 5 compares the bank's level of HMDA loans to the proportionate percentage of owner occupied housing units by type of geography. In 1996 and 1997, 1% and .5% of HMDA loans, respectively, were originated in low income geographies. The penetration is considered excellent given 55% of households that reside in low income geographies live below the poverty level and .4% of all owner occupied housing units are located in these geographies. The penetration was also excellent for moderate income geographies in 1996 (34%) and 1997 (38%) when compared to the percentage (33%) of owner occupied housing units located in these geographies. FNB's performance was better than the aggregate market's distribution of HMDA loans in moderate (30%) income geographies and was similar to the aggregate market's distribution in low (1%) income geographies.

Table - 5										
Distribution of HMDA Loans by Census Tract Income Designation										
All Assessment Areas										
Tract Designation	Owner Occupied Housing by Tract		1996				1997			
	# (000's)	%	#	%	\$ (000's)	%	#	%	\$ (000's)	%
Low Income	.2	nil (.4%)	10	1%	\$445	1%	4	nil (.5%)	\$184	nil (.4%)
Moderate Income	17.4	33%	297	34%	10,026	27%	330	38%	14,710	33%
Middle Income	31.9	60%	464	53%	17,416	48%	390	45%	16,394	36%
Upper Income	3.8	7%	107	12%	8,842	24%	151	17%	13,931	31%
Total	53.3	100%	878	100%	\$36,729	100%	875	100%	\$45,219	100%

Source: FFIEC 1996 and 1997 HMDA Loan Application Registers and 1990 Census Data - U.S. Bureau of the Census

Table 6 compares FNB's market share and ranking of HMDA loans in all income geographies to its market share in low and moderate income geographies. In 1996, FNB's market share of HMDA loans in low (28%) and moderate (21%) income geographies exceeded its market share in all (19%) income geographies. This data, combined, with data in Table 5, indicates FNB has an excellent record of meeting the housing needs of individuals residing in low and moderate income geographies.

Table - 6		
1996 Market Share and Ranking of HMDA Loans		
	Market Share Percentage	Market Share Ranking
All Income Geographies	19%	1st
Low Income Geographies	28%	2nd
Moderate Income Geographies	21%	1st
Middle Income Geographies	17%	1st
Upper Income Geographies	20%	1st

Source: FFIEC 1996 HMDA Loan Application Register

Table 7 compares the level of consumer lending to the proportionate number of families residing

in geographies. In 1997, 2% and 32% of all consumer loans were made in low and moderate income geographies, respectively. The penetration is considered good when compared to the percentage of families residing in low (1%) and moderate (33%) income geographies and the poverty rate, noted above.

Table - 7 1997 Geographic Distribution of Consumer Loans All Assessment Areas						
Tract Income Level	Families Residing in Tract		1997			
	# (000's)	%	#	%	\$(000's)	%
Low Income	.5	1%	138	2%	\$1,194	3%
Moderate Income	17.7	33%	1,932	32%	12,816	29%
Middle Income	31.2	59%	3,438	58%	25,072	57%
Upper Income	3.6	7%	456	8%	4,686	11%
Total	53	100%	5,964	100%	\$43,768	100%

Source: Consumer Loan Data Register and 1990 Census Data - U.S. Bureau of the Census

Loan Distribution by Borrower Income

FNB's distribution of loans to businesses and farms of different sizes was good. The bank's distribution of HMDA and consumer loans was good for low income individuals. The distribution of loans among moderate income individuals was reasonable for HMDA loans and excellent for consumer loans.

In 1996, 93% of FNB's small business - farm loans were for amounts of \$100,000 or less. See Table 8. FNB's performance closely approximated the aggregate market's percentage of 92%. In 1996, 82% (1,117 loans) of small business - farm loans were made to businesses and farms that had gross revenues of less than \$1,000,000. Furthermore, 77% (1,050 loans) of loans had original amounts of \$100,000 or less and were made to businesses that had gross revenues of less than \$1,000,000. This indicates FNB has a good record of serving the credit needs of very small businesses and farms. The bank's performance in 1997 was similar to that of 1996.

Table - 8 Distribution of Small Business - Farms Loans by Loan Size All Assessment Areas								
Loan Size	1996				1997			
	#	%	\$(000's)	%	#	%	\$(000's)	%
Less than \$100,000	1,265	93%	\$25,906	49%	1,026	91%	\$24,062	46%
Between \$100,000 and \$250,000	58	4%	9,396	18%	72	6%	11,939	23%
Greater than \$250,000	39	3%	17,558	33%	35	3%	16,503	31%
Total	1,362	100%	\$52,860	100%	1,133	100%	\$52,504	100%

Source: Small Business Data Collection Register

Table 9 compares FNB's HMDA lending to borrowers of different income levels to the proportional number of families in each income level. In 1996, FNB originated 12% of HMDA loans to low income individuals. Twenty-seven percent of all families are considered low income. The bank's loan distribution to low income individuals is good given the bank's market share (see Table 10) and 24% of the households within the assessment areas live below the poverty level. This high poverty rate is an indication that a significant number of households lack sufficient income to purchase a home. In 1996, 18% of HMDA loans were originated to moderate income individuals. This distribution is considered reasonable when compared to the percentage (17%) of moderate income families within the bank's assessment areas. The aggregate market's distribution of HMDA loans to low and moderate income borrowers was 10% and 20%, respectively.

Table - 9 Distribution of HMDA Loans by Borrower Income Level All Assessment Areas						
Income Level	Families in Assessment Area		1996		1997	
	# (000's)	%	#	%	#	%
Low Income	14.1	27%	108	12%	112	13%
Moderate Income	9.0	17%	161	18%	141	16%
Middle Income	10.6	20%	219	25%	205	23%
Upper Income	19.3	36%	367	42%	382	44%
Not Available	0	0%	23	3%	35	4%
Total	53.0	100%	878	100%	875	100%

Source: FFIEC 1996 and 1997 HMDA Loan Application Registers, and 1990 Census Data - U.S. Bureau of the Census

Table 10 compares FNB's market share and ranking of HMDA loans made to all borrowers versus its market share of loans to low and moderate income borrowers. In 1996, FNB's market share of HMDA loans to low and moderate income borrowers was 23% and 17%, respectively. FNB's market share to all borrowers was 19%. This data, combined with data in Table 9, indicates FNB has a good record of meeting the housing needs of low income individuals and a reasonable record of meeting the housing needs of moderate income individuals.

Table - 10 1996 Market Share and Ranking of HMDA Loans		
	Market Share Percentage	Market Share Ranking
All Borrowers	19%	1st
Low Income Borrowers	23%	2nd
Moderate Income Borrowers	17%	2nd
Middle Income Borrowers	21%	1st
Upper Income Borrowers	21%	1st

Source: FFIEC 1996 HMDA Loan Application Register

FNB also helped to meet the credit needs of low income borrowers by originating consumer loans. See Table 11. In 1997, FNB originated 20% of all consumer loans to low income individuals. This penetration was considered good when compared to the percentage of low

income families (27%) and the poverty rate noted above. The bank originated 21% of all consumer loans to moderate income individuals. This percentage is considered excellent when compared to the percentage of moderate income families (17%).

Table - 11 1997 Distribution of Consumer Loans by Borrower Income Level All Assessment Areas						
Income Level	Families in Assessment Area		1997			
	# (000's)	%	#	%	\$(000's)	%
Low Income	14.1	27%	1,156	20%	\$4,332	10%
Moderate Income	9.0	17%	1,240	21%	7,379	17%
Middle Income	10.6	20%	1,146	19%	9,001	21%
Upper Income	19.3	36%	970	16%	9,807	22%
Not Available	0	0%	1,452	24%	13,249	30%
Total	53.0	100%	5,964	100%	\$43,768	100%

Source: Consumer Loan Data Register and 1990 Census Data - U.S. Bureau of the Census

Community Development Lending

In FNB's assessment areas, primary community development lending needs were affordable housing for low income individuals and loans to small businesses. An additional need was economic development loans with proceeds used to build and renovate commercial buildings for warehouse, office, and retail space. FNB has originated a reasonable (\$4,143,000) amount of community development loans in response to community credit needs. A summary of these loans is detailed below.

- A \$1,204,000 loan to the Town of Ellore (Orangeburg County). Loan proceeds were used to revitalize and stabilize this area by expanding the town's water and sewer system into an area without water or sewer infrastructure. The entire Town of Ellore is located in a moderate income geography with approximately 60% of the town's 1000 families categorized as low and moderate income families.
- A \$176,000 loan to the Town of Ellore to purchase and refurbish commercial buildings. Loan

proceeds, combined with state and federal grants, will be used to stabilize and revitalize the town by attracting new businesses, thus creating additional jobs primarily for low and moderate income individuals. The total cost of the revitalization effort is approximately \$1.5 million, as reported in a local newspaper.

- A \$263,000 loan to purchase a twelve unit apartment complex located in Berkeley County. The average monthly rents for these units are affordable for low income individuals.
- A \$2,500,000 to a small business³, 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 and retaining the existing seven businesses. The existing businesses employ approximately 100 individuals who are primarily low and moderate income.

Flexible Lending Practices

FNB makes use of flexible lending programs to meet identified credit needs pertaining to affordable mortgage loans. A total of 40 loans (\$1,430,000) were originated in 1996 and 1997. This represents approximately 8% of all HMDA loans (522) originated to low and moderate income individuals. FNB primarily uses a non-proprietary affordable mortgage program administered through the state of South Carolina, as detailed below. In September of 1997, FNB established its own affordable mortgage loan program. The bank has originated one loan, in Bamberg County, through this program.

- State Housing Authority Loans for First Time Home Buyers: According to a representative from the State Housing Authority, this loan program is targeted to first time home buyers whose income is 80% or less of the median household income. Flexible loan underwriting criteria include below market interest rate, reduced down payment, and down payment and closing cost assistance. The bank has originated 39 loans for \$1.4 million. The distribution of these loans among the bank's assessment areas is detailed below.
 - o Orangeburg County : 23 loans
 - o Calhoun County: 4 loans
 - o Berkeley County: 4 loans
 - o Colleton County: 3 loans
 - o Bamberg County: 3 loans
 - o Jasper County: 2 loans

³ A small business is defined as a business with gross annual revenues of \$1 million or less.

Investment Test

FNB has made an adequate level of qualified investments given its size, business strategy, financial capacity, and available opportunities. None of FNB's qualified investments, summarized below, were considered complex or innovative.

- In 1993, the bank made a \$25,000 equity investment in the Business Development Corporation of South Carolina (BDCSC). This investment represents a 1% ownership interest in BDCSC. BDCSC originates small business loans under the Small Business Administration's (SBA's) 504 Loan Program. Information was not available regarding the number of loans originated within each assessment area.
- In 1997, the bank donated \$10,000 to the City of Orangeburg Development Corporation (CODC), with proceeds used to pay legal and start-up costs. This organization is in its infancy stage and is in the process of incorporating as a non profit community development corporation (CDC). CODC's mission is to promote economic development and low income housing within low and moderate income areas of downtown Orangeburg.
- Approximately \$10,000 was donated to various organizations with proceeds primarily targeted to low and moderate income individuals. A recap of these donations is detailed below.
 - - \$3,000 was donated to the scholarship fund of a local college in Bamberg County. The money was used to provide scholarships to low and moderate income individuals.
 - - \$5,000 was donated to several organizations in Bamberg, Colleton, and Orangeburg counties with proceeds used to stabilize and revitalize low and moderate income areas.
 - - \$2,000 was donated to several non-profit organizations that provide affordable housing, temporary shelter, health care, and youth programs to low and moderate income individuals residing in Bamberg, Berkeley, Colleton, Dorchester, and Orangeburg counties.
- The bank donated the use of office space and equipment to a non profit organization that conducts free credit counseling seminars to low and moderate income individuals.

Service Test

Accessibility of Delivery Systems

FNB's delivery systems are reasonably accessible to areas and individuals of different income levels. The bank currently operates 20 branch offices located in Bamberg (2), Beaufort (1), Calhoun (1), Colleton (3), Jasper (2), Orangeburg (8), Berkeley (1), and Dorchester (2) counties.

Branch hours are reasonable and do not significantly vary among the different branches. FNB's core banking hours are from 9:00 AM to 5:00 PM, with all offices open until 6:00 PM on Fridays. All branch offices generally provide the same level of financial services. Two of the branches, located in the cities of Orangeburg and Walterboro, are open on Saturdays.

Table 12 reflects FNB has a reasonable distribution of branches in low, moderate, middle, and upper income geographies. Thirty percent of FNB's branches are located in moderate income geographies. This distribution is reasonable given 33% of the families reside in moderate income areas. Although the bank doesn't have any branches in low income geographies, the bank's main office is located in close proximity to the one low income geography within FNB's assessment area. Loan data contained in Tables 3,5,6, & 7 indicates the bank is doing a good to excellent job of serving the credit needs of business owners and families located in low income geographies.

Table - 12 Distribution of Branch Offices All Assessment Areas						
Tract Income Designation	Census Tracts		Families (000's)		Branches	
	#	%	#	%	#	%
Low Income	1	2%	.5	1%	0	0%
Moderate Income	17	34%	17.7	33%	6	30%
Middle Income	27	54%	31.2	59%	13	65%
Upper Income	3	6%	3.6	7%	1	5%
N.A.'s	2	4%	0	0%	0	0%
Total	50	100%	53	100%	20	100%

Source: 1990 Census Data - U.S. Bureau of the Census and bank provided information

Changes in Branch Locations

FNB's record of closing branch offices has not significantly affected the accessibility of its services to low or moderate income individuals or geographies. In December of 1996, FNB closed a branch office in a moderate income geography (census tract 102) in Dorchester County. However, FNB still maintains another branch in this census tract located approximately one mile from the closed branch. In August of 1996, FNB opened a branch in a middle income geography (BNA 21) in Beaufort County.

Community Development Services

FNB has a reasonable level of community development services within its assessment areas. The bank's community development services have primarily been related to providing financial expertise to four recently created (or in process of becoming) community development corporations, conducting home buyer workshops, and conducting credit counseling seminars. A synopsis of FNB's community development services is detailed below.

- **Community Development Corporations (CDCs):** Representatives of FNB have provided accounting services and have assisted in the development of loan and housing programs for four CDCs located in Orangeburg County. The goals of the CDCs are to provide affordable housing, create community and economic development opportunities, provide job training skills, promote and foster small business, and revitalize and stabilize distressed areas. All four of these organizations are in their infancy stage.
- **Home Buyer Workshops:** FNB representatives have assisted in instructing 13 first time home buyer workshops, primarily for low and moderate income individuals, in Orangeburg (9), Bamberg (1), Colleton (1), Berkeley (1), and Jasper (1) counties.
- **Credit Counseling Seminars:** A FNB representative has conducted approximately ten credit counseling seminars since February of 1996.

Fair Lending Review

No violations of the substantive provisions of the anti-discrimination laws or regulations were identified. FNB's fair lending policies, procedures, and internal self-assessments are satisfactory.

DORCHESTER AND BERKELEY COUNTY, PART OF THE CHARLESTON - NORTH CHARLESTON MSA

Conclusion for Performance Test in Charleston - North Charleston MSA (1440)

FNB's performance in meeting the credit needs within the MSA is consistent with the overall ratings assigned to the bank. Overall, the bank's responsiveness to the credit needs of low and moderate income individuals and businesses of different sizes was good. The bank's geographic distribution of loans was excellent for small business, small farm, HMDA, and consumer loans. The level of community development loans and services was reasonable. FNB's delivery systems are accessible to areas and individuals of different income levels. The bank's level of qualified investments was reasonable.

Description of Institution's Operations in Assessment Area

As of June 30, 1997, FNB had \$65 million in deposits in Dorchester and Berkeley counties and had a deposit market share of approximately 9%. Branches are located in both Dorchester (2) and Berkeley (1) county. Competition is strong.

Description of Assessment Area

FNB's assessment area consists of eight census tracts located in the northern portion of Dorchester County (3) and western portion of Berkeley County (5). All eight census tracts are located in moderate (3) and middle (5) income geographies. FNB's branch in Berkeley County is centrally located within the county on the northeastern edge of the habitable land in the city of Moncks Corner. The eastern portion of Berkeley County is comprised of the Francis Marion National Forest.

The number of non-farm businesses and farm businesses was approximately 872 and 24, respectively. Services (39%), retail trade (25%), and construction (9%) represent 73% of the number of businesses within the assessment area. As of 1997, the adjusted MSA median family income was \$39,500. Twenty-one percent of the households live below the poverty level, per 1990 Census Bureau data. The following table provides additional demographic data regarding the distribution of census tracts, families, and population by geography income designation.

Table - 22
Assessment Area Demographic Data
Distribution by Census Tract Income Level
Charleston - North Charleston MSA

	Low		Moderate		Middle		Upper		N.A.'s		Total	
	#	%	#	%	#	%	#	%	#	%	#	%
Census Tracts	0	0%	3	37.5%	5	62.5%	0	0%	0	0%	8	100%
Families (000's)	0	0%	3.3	33%	6.7	67%	0	0%	0	0%	10	100%
Population (000's)	0	0%	13	34%	25	66%	0	0%	0	0%	38	100%

Source: 1990 Census Data - U.S. Bureau of the Census

Lending Test

Geographic Distribution of Loans

FNB's geographic distribution of small business, small farm, HMDA and consumer loans reflected excellent penetration throughout the assessment area. There were no conspicuous gaps in the penetration of geographies within this area.

Table 23 compares the bank's level of small business loans with the proportionate number of businesses operating in the type of geography. In 1996 and 1997, 44% and 50% of FNB's small business loans were originated in moderate income geographies. The penetration is considered excellent when compared to the percentage of businesses (25%) located in moderate income geographies. In 1996, FNB's performance was significantly better than the aggregate market's distribution (26%) of small business loans in moderate income geographies.

Table - 23 Geographic Distribution of Small Business Loans Charleston - North Charleston MSA									
Tract Income Level	% of Businesses by Location	Distribution of Loans by Location							
		1996				1997			
		#	%	\$ (000's)	%	#	%	\$ (000's)	%
Low Income	0%	0	0%	\$0	0%	0	0%	\$0	0%
Moderate Income	25%	96	44%	2,505	26%	85	50%	1,821	28%
Middle Income	75%	123	56%	7,004	74%	85	50%	4,747	72%
Upper Income	0%	0	0%	0	0%	0	0%	0	0%
Total	100%	219	100%	\$9,509	100%	170	100%	\$6,568	100%

Source: Dun & Bradstreet, Inc. and Small Business Data Collection Register

Table 24 compares the bank's level of small farm loans with the proportionate number of farms operating in the type of geography. In 1996 and 1997, 52% and 60% of FNB's loans were originated in moderate income geographies. The penetration is considered excellent when compared to the percentage of farms (29%) located in moderate income geographies. In 1996, FNB's performance was better than the aggregate market's distribution (49%) of small farm loans in moderate income geographies.

Table - 24									
Geographic Distribution of Small Farm Loans									
Charleston - North Charleston MSA									
Tract Income Level	% of Farms by Location	Distribution of Loans by Location							
		1996				1997			
		#	%	\$ (000's)	%	#	%	\$ (000's)	%
Low Income	0%	0	0%	\$0	0%	0	0%	\$0	0%
Moderate Income	29%	21	52.5%	400	58%	18	60%	473	75%
Middle Income	71%	19	47.5%	290	42%	12	40%	156	25%
Upper Income	0%	0	0%	0	0%	0	0%	0	0%
Total	100%	40	100%	\$690	100%	30	100%	629	100%

Source: Dun & Bradstreet, Inc. and Small Business Data Collection Register

Table 25 compares the bank's level of HMDA loans to the proportionate percentage of owner occupied housing units by type of geography. In 1996 and 1997, 62% of FNB's loans were originated in moderate income geographies. This penetration is considered excellent when compared to the percentage (35%) of owner occupied housing units located in moderate income geographies. In 1996, the bank's performance was significantly better than the aggregate market's distribution in moderate (32%) income geographies.

Table - 25 Distribution of HMDA Loans by Census Tract Income Designation Charleston - North Charleston MSA										
Tract Designation	Owner Occupied Housing by Tract		1996				1997			
	# (000's)	%	#	%	\$ (000's)	%	#	%	\$ (000's)	%
Low Income	0	0%	0	0%	\$0	0%	0	0%	\$0	0%
Moderate Income	3.5	35%	91	62%	2,373	56%	96	62%	3,094	58%
Middle Income	6.5	65%	56	38%	1,859	44%	60	38%	2,212	42%
Upper Income	0	0%	0	0%	0	0%	0	0%	0	0%
Total	10	100%	147	100%	\$4,232	100%	156	100%	\$5,306	100%

Source: FFIEC HMDA Loan Application Registers, and 1990 Census Data - U.S. Bureau of the Census

Table 26 compares the level of consumer lending to the proportionate number of families residing in each type of geography. In 1997, 54% of consumer loans were made in moderate income geographies. The bank's penetration is considered excellent given the percentage (33%) of families residing in moderate income geographies.

Table - 26 1997 Geographic Distribution of Consumer Loans Charleston - North Charleston MSA						
Tract Income Level	Families Residing in Tract		1997			
	# (000's)	%	#	%	\$(000's)	%
Low Income	0	0%	0	0%	\$0	0%
Moderate Income	3.3	33%	561	54%	3,144	51%
Middle Income	6.7	67%	486	46%	3,002	49%
Upper Income	0	0%	0	0	0	0%
Total	10	100%	1,047	100%	\$6,146	100%

Source: Consumer Loan Data Register and 1990 Census Data - U.S. Bureau of the Census

Loan Distribution by Borrower Income

FNB's distribution of loans to small businesses and farms of different sizes was good. The bank's distribution of consumer loans was excellent. Its distribution of HMDA loans was excellent for low income individuals and reasonable for moderate income individuals.

In 1996, 93% of small business - farm loans were for amounts of \$100,000 or less. See Table 27. FNB's performance closely approximated the aggregate market's percentage of 91%. Eighty-one percent (211 loans) of small business - farm loans were made to businesses and farms that had gross revenues of less than \$1,000,000. Furthermore, 76% (196 loans) of loans had original amounts of \$100,000 or less and were made to businesses that had gross revenues of less than \$1,000,000. This indicates FNB has a good record of serving the credit needs of very small businesses and farms. The bank's performance in 1997 was similar to that of 1996 performance.

Table - 27 Distribution of Small Business - Farms Loans by Loan Size Charleston - North Charleston MSA								
Loan Size	1996				1997			
	#	%	\$(000's)	%	#	%	\$(000's)	%
Less than \$100,000	241	93%	\$4,977	49%	188	94%	\$3,726	52%
Between \$100,000 and \$250,000	9	3.5%	1,482	14%	7	3.5%	1,268	18%
Greater than \$250,000	9	3.5%	3,740	37%	5	2.5%	2,203	30%
Total	259	100%	\$10,199	100%	200	100%	\$7,197	100%

Source: Small Business Data Collection Register

Table 28 compares FNB's HMDA lending to borrowers of different income levels to the proportional number of families in each income level. In 1996 and 1997, FNB originated 26% and 25% of HMDA loans, respectively, to low income individuals. Twenty-four percent of all families are considered low income. The bank's loan distribution is excellent given 21% of households in the assessment area live below the poverty level. This high poverty rate is an indication that a significant number of households lack sufficient income to purchase a home. In 1996, 16% of HMDA loans were originated to moderate income individuals. This distribution is considered reasonable when compared to the percentage (17%) of moderate income families within the bank's assessment area and the aggregate market's performance. In 1997, the bank's distribution of loans to moderate income individuals improved and was considered excellent. In 1996, the aggregate market's distribution of HMDA loans to low and moderate income borrowers was 15% and 22%, respectively.

Table - 28 Distribution of HMDA Loans by Borrower Income Level Charleston - North Charleston MSA						
Income Level	Families in Assessment Area		1996		1997	
	# (000's)	%	#	%	#	%
Low Income	2.4	24%	38	26%	38	24.5%
Moderate Income	1.7	17%	23	16%	38	24.5%
Middle Income	2.5	25%	44	30%	33	21%
Upper Income	3.4	34%	40	27%	42	27%
Not Available	0	0%	2	1%	5	3%
Total	10	100%	147	100%	156	100%

Source: FFIEC HMDA Loan Application Registers, and 1990 Census Data - U.S. Bureau of the Census

FNB also helped to meet the credit needs of low income borrowers by originating consumer loans. See Table 29. In 1997, FNB originated 32% and 22% of all consumer loans to low and moderate income individuals. This penetration was considered excellent when compared to the percentage of low (24%) and moderate (17%) income families and the poverty rate, noted above.

Table - 29 1997 Distribution of Consumer Loans by Borrower Income Level Charleston - North Charleston MSA						
Income Level	Families in Assessment Area		1997			
	# (000's)	%	#	%	\$ (000's)	%
Low Income	2.4	24%	333	32%	\$1,020	16%
Moderate Income	1.7	17%	234	22%	1,271	21%
Middle Income	2.5	25%	162	15%	1,275	21%
Upper Income	3.4	34%	103	10%	1,065	17%
Not Available	0	0%	215	21%	1,515	25%
Total	10	100%	1,047	100%	\$6,146	100%

Source: Consumer Loan Data Register and 1990 Census Data - U.S. Bureau of the Census

Community Development Lending

FNB originated a \$263,000 loan for the purchase of a multifamily housing complex located in Berkeley County. Refer to pages 13 and 14.

Flexible Lending Products

In Berkeley County, FNB originated four loans through the State Housing Authority Loans for First Time Home Buyers. Refer to page 14 for additional information.

Investment Test

FNB has made an adequate level of qualified investments. Refer to page 15 for a description of these investments.

Service Test

Accessibility of Delivery Systems

FNB's delivery systems are reasonably accessible to individuals and geographies in the Berkeley and Dorchester counties. Table 30 reflects FNB has a reasonable distribution of branches in moderate (33%) and middle (67%) income geographies when compared to the percentage of families residing in these areas. Refer to page 16 for a discussion of recent branch closings.

Table - 30 Distribution of Branch Offices Charleston - North Charleston MSA						
Tract Income Designation	Census Tracts		Families (000's)		Branches	
	#	%	#	%	#	%
Low Income	0	0%	0	0%	0	0%
Moderate Income	3	37.5%	3.3	33%	1	33%
Middle Income	5	62.5%	6.7	67%	2	67%
Upper Income	0	0%	0	0%	0	0%
N.A.'s	0	0%	0	0%	0	0%
Total	8	100%	10	100%	3	100%

Source: 1990 Census Data - U.S. Bureau of the Census and bank provided information

Community Development Services

Refer to page 17 for a discussion of community development services.

APPENDIX

Definition of Terms

The following are definitions of terms used throughout this public evaluation. The definitions are not the strict legal definitions contained in 12 C.F.R. 25.12, but rather a more concise synopsis of their meaning.

Community Development - The primary purpose of the loan, investment, or service is for (1) affordable housing for low or moderate income individuals; (2) community services targeted to low or moderate income individuals; (3) activities that promote economic development by financing small businesses and farms; and (4) activities that revitalize or stabilize low or moderate income areas.

Consumer Loan - A loan to one or more individuals for household, family, or other personal expenditures.

HMDA Loan - A residential real estate loan (home purchase, home refinance, home improvement, or multifamily).

Geography - A census tract (CT) or block numbering area (BNA).

Low, Moderate, Middle, and Upper Income Area - A low income area is one in which the median family income is less than 50% of the area median income, moderate income is 50% to 79% of the area median family income, middle income is 80% to 119% of the area median family income, and upper income is 120% or more of the area median family income.

Qualified Investment - A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Small Business Loan - A commercial loan with an original loan amount of \$1 million or less.

Small Farm Loan - A farm loan with an original loan amount of \$500,000 or less.