



## **PUBLIC DISCLOSURE**

September 27, 2021

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

First National Bank of South Carolina  
10680

801 Gilway Street  
Holly Hill, South Carolina 29059-3421

Office of the Comptroller of the Currency

212 South Tryon Street Suite 700  
Charlotte, North Carolina 29281

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## **Overall CRA Rating**

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

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

The major factors that support this rating include:

- The Lending Test rating is based on performance in the state of South Carolina, which reflected an overall excellent geographic distribution and reasonable distribution of loans to borrowers of different income levels and businesses of different sizes.
- The loan-to-deposit (LTD) ratio during the evaluation period is reasonable.
- A substantial majority of originated loans are inside the assessment areas (AAs).

### **Loan-to-Deposit Ratio**

Considering the bank's size, financial condition, local economic conditions, and credit needs of the AAs, the loan-to-deposit ratio is reasonable.

The average quarterly LTD ratio for the 20 quarters since the preceding examination was 47.9 percent. The ratio ranged from a high of 51.9 percent to a low of 45.1 percent. In comparison, the quarterly average LTD ratio of similarly situated institutions in the surrounding areas was 63.7 percent and ranged from a high of 105.7 percent to a low of 33.0 percent.

First National Bank of South Carolina's (FNB or institution) two closest competing banks in terms of product offerings are Farmers and Merchants Bank and Enterprise Bank of South Carolina. The average LTD ratios for these banks during the same 20 quarter review period was 33.0 percent and 59.7 percent, respectively. FNB's average LTD ratio of 47.9 percent was commensurate with the quarterly averages of the closest competing banks.

The average quarterly LTD ratio of similarly situated banks was somewhat skewed by the high quarterly average of one similarly situated bank, Beacon Community Bank. It had a quarterly LTD average of 105 percent and has experienced significant growth in both loans and deposits. Excluding Beacon Community Bank's average LTD, the average quarterly LTD ratio of similarly situated banks was 59.3 percent. FNB's quarterly ratio of 47.9 percent is consistent with this adjusted average.

### **Lending in Assessment Area**

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

FNB originated 91.4 percent of its total loans inside the AAs during the evaluation period. This analysis is performed at the bank, rather than the AA level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

<b>Lending Inside and Outside of the Assessment Area</b>										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	72	85.7	12	14.3	84	8,055	65.8	4,189	34.2	12,244
Consumer	67	98.5	1	1.5	68	922	99.5	5	0.5	927
Total	139	91.4	13	8.6	152	8,977	68.0	4,194	32.0	13,171

## Description of Institution

FNB of South Carolina was founded in 1905 and is an intrastate bank headquartered in Holly Hill, SC. It is wholly owned by FNB Corporation. As of December 31, 2020, total assets equaled \$240 million, total loans were \$98 million, total deposits were \$202 million, and tier 1 capital was \$26.9 million.

The institution has two assessment areas (AAs) consisting of Berkley and Dorchester Counties in the Charleston-North Charleston, SC MSA and three contiguous census tracts in Orangeburg County, a non-MSA. They operate a main office and seven full-service branch offices in these two AAs. The main office in Holly Hill and one branch office are located in the western portion of Orangeburg County. The remaining six full-service branches are in Berkley and Dorchester Counties. There are automatic teller machines (ATMs) and drive-up windows at each of its offices.

FNB offers numerous deposit and savings accounts for both consumer and commercial customers. They offer a wide range of commercial, consumer, and home mortgage loans for various purposes. Home mortgage products include conventional, government insured, and guaranteed loans through the Federal Housing Administration, the Veterans Administration, and the United States Department of Agriculture. While some mortgage loans are originated and maintained in the portfolio, the majority of them are referred to an investor. In these cases, the investor makes the credit decision and funds the loan.

During 2020, FNB originated loans under the Paycheck Protection Program (PPP). This program was implemented by the U.S. Small Business Administration and is a low-cost, qualifying forgivable loan program for small businesses to help cover payroll costs, interest on mortgages, rent, and utilities during the COVID-19 pandemic. In calendar year 2020, the bank originated 111 PPP loans totaling approximately \$6.8 million.

As of December 31, 2020, the loan portfolio consisted of 23.9 percent residential real estate loans, 21.4 percent commercial and industrial loans, 38.2 percent commercial real estate loans, and three percent consumer loans.

For the three-year period from 2018 through 2020, commercial loans and consumer loans represented the majority of FNB's total loan originations by number. According to internal bank

data, commercial loans (including commercial real estate, commercial and industrial loans, and PPP loans) represented 51.6 percent of the total number of loans originated. Consumer loans represented approximately 37.1 percent of total loans originated.

There were no financial or legal impediments to hinder the bank's ability to help meet community credit needs. CRA performance was rated Satisfactory in the last public evaluation dated August 14, 2017.

## **Scope of the Evaluation**

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

This performance evaluation assesses CRA performance under the small bank procedures, which includes the Lending Test. The Lending Test evaluates the bank's record of meeting the credit needs of its AAs through its primary lending activities, including small loans to businesses and consumer loans. To conduct the evaluation, we reviewed samples of each of these loan types. The evaluation period for the Lending Test is January 1, 2018, to December 31, 2020. With an evaluation period end date of December 31, 2020, qualifying activities performed in response to the significant impact the COVID-19 Pandemic has had on economies across the United States are addressed in this evaluation.

FNB did not originate a significant number of home mortgage loans during the evaluation period. Consequently, there was not a sufficient number of home mortgage loans to conduct a meaningful analysis.

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

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

### **Ratings**

The bank's overall rating is based solely on its performance in the state of South Carolina.

The state ratings are based on performance in all bank AAs. Refer to the "Scope" section under each state for details regarding how the areas were weighted in arriving at the respective ratings.

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

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

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

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

## **State Rating**

### **State of South Carolina**

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

**The Lending Test is rated:** Satisfactory.

The major factors that support this rating include:

- The bank exhibits an excellent geographic distribution of loans in the AAs.
- The bank exhibits a reasonable distribution of loans to businesses of different revenue sizes and borrowers of different income levels.

### **Description of Institution's Operations in South Carolina**

As previously noted, FNB offers traditional banking products and services, including conventional fixed and adjustable rate residential mortgages and home equity loans. The bank's loan products include home mortgage, consumer, and commercial loans. The bank also offers a range of deposit products and services, including checking, savings, certificates of deposits, and safe deposit boxes for both consumers and business customers. ATM and drive-up windows are available at all branch offices.

Five of FNB's eight offices are open Monday through Friday from 9:00 a.m. to 5:00 p.m. with drive-up windows opening at 8:30 a.m. Three offices in the rural areas of Harleyville, Eutawville, and Ridgeville close at 1:00 p.m. on Wednesdays.

### **Charleston-North Charleston SC MSA Assessment Area**

The Charleston-North Charleston SC, MSA AA is comprised of Berkeley and Dorchester Counties. There are no low-income census tracts, 24 moderate-income census tracts, 36 middle-income census tracts, 13 upper-income census tracts, and one tract with no income data reported. As noted above, FNB operates six full-service offices in the AA. There are two branch offices in Berkeley County and four branch offices in Dorchester County. The bank did not close or open any branch offices during the evaluation period.

Competition for deposits is significant within the AA. FNB reported \$140 million in deposits in the Charleston-North Charleston SC MSA AA which represents approximately 75 percent of their total deposits. According to the June 30, 2020 deposit market share report from the Federal Deposit Insurance Corporation and National Credit Union Administration, FNB ranked 4<sup>th</sup> out of 20 depository institutions with 0.13 percent of the market share within the AA. Truist Bank and

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<sup>1</sup> This rating reflects performance within the state.

First Citizens Bank ranked first and second in deposits with 0.37 percent and 0.47 percent of deposit market share, respectively.

Competition for small business loans is extremely competitive within the AA. According to 2019 peer small business data, 88 lenders originated 5,748 small loans to businesses. American Express National Bank, Bank of America National Bank, and JP Morgan-Chase National Bank obtained 39.1 percent of the total market share of small business loans originated.

The primary economic drivers in the Charleston-North Charleston MSA are health care, retail trade, hospitality/food service, manufacturing, and educational services. The top five employers within the MSA are Joint Base Charleston, Medical University of South Carolina, Boeing, Charleston County School District, and Roper St. Francis Healthcare.

Historically, the Charleston-North Charleston MSA unemployment rates have been lower compared to the state of South Carolina. According to the U.S. Bureau of Labor Statistics as of December 2018, 2019, and 2020, the Charleston-North Charleston SC, MSA unemployment rates (not seasonally adjusted) were 2.7 percent, 2.0 percent, and 6.3 percent, respectively. In comparison, the December 2018, 2019, and 2020 state of South Carolina’s unemployment rates were 3.4 percent, 2.5 percent, and 5.9 percent, respectively. The Charleston-North Charleston MSA unemployment rates increased in 2020 as a result of impacts from COVID-19.

As part of the CRA Public Evaluation, we relied upon a community contact to determine local economic conditions and community needs. This community contact represented an organization which provides various programs to help minorities and underserved individuals. The contact indicated that there were not enough resources to help small businesses qualify for banking products and services. In addition, the contact stated that there was a lack of resources to ramp up businesses and a lack of black businesses in the Charleston area.

The 2018 Dorchester County Comprehensive Plan (Comprehensive Plan), identified several economic development needs. These needs included better job training, education, and infrastructure in the form of water, storm water and sewer services. The Comprehensive Plan also identified a need for economic development in the eastern and western portions of Dorchester County.

In evaluating the bank’s distribution of consumer loans to borrowers of different income levels, we analyzed borrowers’ incomes as a percentage of AA median household income. According to 2010 Census Data, the median household income for the Charleston-North Charleston, SC MSA AA was \$55,035 during each year of the evaluation period. The following table reflects borrower income ranges:

<b>Median Household Income Ranges</b>				
<b>Median Household Income</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Charleston North Charleston SC MSA AA Median Household Income</b>				
\$55,035	<\$27,517	\$27,517 to <\$44,028	\$44,028 to <\$66,042	≥\$66,042
<i>Source: 2010 Census</i>				

The table below provides a summary of the demographics that includes housing, business, and farm information for the Charleston-North Charleston, South Carolina MSA AA.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Charleston - North Charleston, SC MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	70	0.0	28.6	51.4	18.6	1.4
Population by Geography	339,328	0.0	26.1	55.2	18.7	0.0
Housing Units by Geography	133,506	0.0	26.5	54.6	18.9	0.0
Owner-Occupied Units by Geography	84,249	0.0	23.8	54.1	22.1	0.0
Occupied Rental Units by Geography	36,637	0.0	29.6	57.6	12.8	0.0
Vacant Units by Geography	12,620	0.0	35.6	49.4	15.0	0.0
Businesses by Geography	18,929	0.0	23.0	51.8	25.2	0.0
Farms by Geography	538	0.0	23.4	54.8	21.7	0.0
Family Distribution by Income Level	86,311	22.5	18.3	22.1	37.2	0.0
Household Distribution by Income Level	120,886	22.7	16.6	19.0	41.6	0.0
Median Family Income MSA - 16700 Charleston-North Charleston, SC MSA		\$65,558	Median Housing Value			\$165,476
			Median Gross Rent			\$983
			Families Below Poverty Level			10.7%
<i>Source: 2015 ACS and 2020 D&amp;B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

## **Orangeburg County, South Carolina Non-MSA Assessment Area**

The Orangeburg County AA consists of three contiguous rural census tracts located in the western portion of Orangeburg County. Orangeburg County is a non-MSA area located in the central portion of South Carolina. The AA is contiguous to Berkeley and Dorchester County. FNB operates its main office in the city of Holly Hill and one full-service branch office in the city of Eutawville in the AA. They did not open or close any branch offices in the AA during the evaluation period.

There are no low-income census tracts, one moderate-income census tract, and two middle-income census tracts. The two middle-income census tracts were classified by the Federal Financial Examination Council as distressed due to poverty for 2018, 2019, and 2020. Approximately 27.4 percent of the bank's total deposits are in the Orangeburg County AA.

Competition for deposits within Orangeburg County is significant. As of June 30, 2020, the bank's deposits in the AA totaled \$52.7 million and represented approximately 27.4 percent of

their total deposits. According to June 30, 2020 deposit information from the Federal Deposit Insurance Corporation and the National Credit Union Administration, the bank ranked fourth in deposits with a market share of 0.42 percent out of nine other depository institutions. South State Bank National Bank ranked first with a deposit market share of 4.2 percent, First-Citizens Bank & Trust ranked 2<sup>nd</sup> with a deposit market share of 2.4 percent, and Farmers and Merchants Bank of South Carolina ranked third with a market share of 0.8 percent.

FNB also faces significant competition for small loans to businesses in the AA. According to 2019 peer small business data, 56 lenders originated 1,115 small loans to businesses in the AA. American Express National Bank, South State Bank, and US Bank National Association obtained 41.2 percent of the total market share of small loans to businesses.

According to unemployment data from the U.S. Bureau of Labor Statistics, Orangeburg County has one of the highest unemployment rates in SC. In 2018 and 2019, Orangeburg’s unemployment rates were 4.6 percent and 6.2 percent respectively. As of December 2020, it was 9.0 percent and tied for the state’s third highest unemployment rate. The sharp increase in unemployment rate in 2020 is largely due to impacts from the COVID-19 pandemic.

The primary economic drivers in Orangeburg County include manufacturing, healthcare, retail trade, education, and food services. Major employers include Husqvarna Consumer Outdoor Products, Zeus Industrial Products, Inc., Allied Air Enterprises, Inc., Regional Medical Center of Orangeburg, Family Health Centers, Inc., Orangeburg County School District, South Carolina State University, and Wal-Mart.

As part of the CRA Evaluation, we relied upon two community contacts within the AA to determine local economic conditions and community needs. Both contacts were involved in economic development initiatives. These contacts identified that access to working capital and financial literacy training for small businesses were needed in Orangeburg County.

In evaluating the distribution of consumer loans to borrowers of different income levels, we considered borrower incomes as a percentage of the AA median household income. Based upon 2010 Census Data, the median household income for the Orangeburg County AA was \$30,551 during each year of the evaluation period. The following table reflects borrower income ranges:

<b>Median Household Income Ranges</b>				
<b>Median Household Income</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Orangeburg County AA Median Household Income</b>				
\$30,551	<\$15,275	>\$15,275 to <\$24,441	>\$24,441 to <\$36,661	≥\$36,661
<i>Source: 2010 Census</i>				

The table below provides a summary of the demographics that includes housing, business, and farm information for the Orangeburg County AA.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Orangeburg County, South Carolina Non-MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	3	0.0	33.3	66.7	0.0	0.0
Population by Geography	16,571	0.0	34.0	66.0	0.0	0.0
Housing Units by Geography	8,286	0.0	28.3	71.7	0.0	0.0
Owner-Occupied Units by Geography	4,553	0.0	29.0	71.0	0.0	0.0
Occupied Rental Units by Geography	1,620	0.0	38.5	61.5	0.0	0.0
Vacant Units by Geography	2,113	0.0	19.1	80.9	0.0	0.0
Businesses by Geography	784	0.0	32.9	67.1	0.0	0.0
Farms by Geography	37	0.0	27.0	73.0	0.0	0.0
Family Distribution by Income Level	3,887	26.8	18.4	21.4	33.3	0.0
Household Distribution by Income Level	6,173	31.5	12.4	19.2	36.9	0.0
Median Family Income – Orangeburg County, SC Non-MSAs		\$44,609	Median Housing Value			\$84,252
			Median Gross Rent			\$634
			Families Below Poverty Level			23.1%
<i>Source: 2015 ACS and 2020 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

## Scope of Evaluation in South Carolina

For purposes of this evaluation, we performed full-scope reviews of the Charleston-North Charleston, South Carolina MSA AA and Orangeburg County AA for years 2018, 2019, and 2020.

The Charleston-North Charleston SC MSA AA was the most heavily weighted as it represents 72.6 percent of total deposits and 75 percent of total branch offices. Based upon internal bank data, approximately 75 percent of loans were originated in the Charleston-North Charleston, SC MSA AA.

More weight was placed on small loans to businesses as it represents the majority of the bank’s lending activity. According to internal lending data, commercial loans represent approximately 51.6 percent of the total loans originated during the evaluation period. Consumer loans represented approximately 37 percent of the total loans originated.

## **LENDING TEST**

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

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

Based on full-scope reviews, performance in the Charleston-North Charleston SC MSA AA and the Orangeburg County AAs is adequate.

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

The bank exhibits excellent geographic distribution of loans in the State.

#### ***Small Loans to Businesses***

Refer to Table Q in the state of South Carolina section of Appendix D for the facts and data used to evaluate the geographic distribution of originations and purchases of small loans to businesses.

#### Charleston-North Charleston MSA AA

The geographic distribution of small loans to businesses is excellent. The percentage of loans in moderate-income census tracts exceeded the percentage of businesses located in those tracts. It also exceeded peer lending in moderate-income census tracts.

#### Orangeburg County AA

The geographic distribution of small loans to businesses is excellent. The percentage of loans in the moderate-income census tract exceeded the percentage of businesses located in this tract. It also exceeded peer lending in moderate-income census tracts.

#### ***Consumer Loans***

Refer to Table U in the state of South Carolina section of Appendix D for the facts and data used to evaluate the geographic distribution of consumer loan originations and purchases.

#### Charleston- North Charleston MSA AA

The geographic distribution of consumer loans is excellent. The percentage of lending in moderate-income census tracts exceeded the percentage of households located in these tracts.

#### Orangeburg County AA

The geographic distribution of consumer loans is excellent. The percentage of lending in the moderate-income census tract exceeded the percentage of households located in this tract.

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

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

### ***Small Loans to Businesses***

Refer to Table R in the state of South Carolina section of Appendix D for the facts and data used to evaluate the borrower distribution of originations and purchases of small loans to businesses.

In evaluating small business lending activity, the lack of borrower revenue information for the PPP loans was considered. Because SBA underwriting guidelines for PPP loans did not require analysis of borrower revenue information, FNB did not collect it for these loans.

### **Charleston-North Charleston MSA AA**

The distribution of loans is reasonable. The distribution of small loans to businesses was below the percentage of businesses with revenues less than one million. However, the percentage of loans exceeded peer lending activity.

In order to obtain a more accurate representation of FNB's record of lending to businesses of different income levels, we conducted an analysis of small loans to businesses which excluded PPP loans. As previously noted, the bank was not required to consider business revenue information in approving PPP loans. Without the PPP loans, 74.2 percent of FNB's loans were to businesses with revenues less than \$1 million. This percentage was slightly below the percentage of businesses with revenues less than \$1 million.

### **Orangeburg County AA**

The distribution of loans is reasonable. The distribution of small loans to businesses was below the percentage of businesses with revenues less than one million. However, the percentage of loans exceeded the peer lending activity.

We also excluded PPP loans from our analysis of this AA. Without the PPP loans, 100 percent of loans were to businesses with revenues less than \$1 million. This percentage exceeded the percentage of businesses with revenues less than \$1 million.

### ***Consumer Loans***

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

Charleston-North Charleston MSA AA

The distribution of consumer loans is excellent. The percentage of consumer loans to low-income borrowers exceeded the percentage of low-income households. The percentage of loans to moderate-income borrowers exceeded the percentage of moderate-income households.

Orangeburg County AA

The distribution of consumer loans is reasonable. There were no loans to low-income borrowers. However, the percentage of loans to moderate-income borrowers exceeded the percentage of moderate-income households.

Opportunities to originate consumer loans to low-income borrowers may have been impacted by the high household poverty rate and unemployment rates in the AA. According to 2010 Census information, 29.6 percent of the total households in the AA were below poverty. Individuals below poverty may have difficulty in qualifying for a consumer loan. Further in 2018, 2019, and 2020, the unemployment rates in Orangeburg County were 4.6 percent, 6.2 percent, and 9.0 percent, respectively.

**Responses to Complaints**

There were no consumer complaints pertaining to the bank's performance in meeting community credit needs.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed:</b>	January 1, 2018 to Decembe 31, 2020	
<b>Bank Products Reviewed:</b>	Small Business Loans and Consumer Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	None	None
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
South Carolina		
Charleston-North Charleston SC MSA	Full-Scope	Berkeley and Dorchester
Orangeburg County	Full-Scope	Partial

# Appendix B: Summary of State Ratings

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RATINGS First National Bank of South Carolina	
Overall Bank:	Lending Test Rating
Satisfactory	Satisfactory
State:	
South Carolina	Satisfactory

## Appendix C: Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder’ and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

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

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

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

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

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

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

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

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

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

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

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

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

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

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

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

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

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

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

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

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

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

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

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

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

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were 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) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - 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 aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues -** Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography -** Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower -** Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

<b>Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography</b>																<b>2018-2020</b>		
Assessment Area:	Total Loans to Small Businesses			Lower-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available- Income Tracts		
	#	\$	% of Total	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Charleston-North Charleston MSA	45	5,425	62.5	0.0	0.0	0.0	28.3	35.6	27.4	49.0	55.5	45.5	22.7	8.9	27.1	0.0	0.0	0.0
Orangeburg County	24	2,631	37.5	0.0	0.0	0.0	32.9	51.8	23.6	67.1	48.2	76.4	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	72	8,055	100	0.0	0.0	0.0	28.4	42.5	27.3	49.7	52.0	46.3	21.9	5.5	26.5	0.0	0.0	0.0

*Source: 2020 D&B Data; 01/01/2018- 12/31/2020 Bank Data; "2020 Aggregate" data not available. Due to rounding, totals may not equal 100.0*

<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>											<b>2018-2020</b>	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Charleston-North Charleston SC MSA	45	5,425	62.5	6,174	85.8	51.1	44.9	3.9	15.6	10.3	33.3	
Orangeburg County	27	2,631	37.5	157	84.2	63.0	47.8	3.7	0.0	12.1	37.0	
<b>Total</b>	72	8,055	100.0	6,331	85.7	55.6	45.0	3.9	9.7	10.4	34.7	

*Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; "2020 Aggregate " data not available. Due to rounding, totals may not equal 100.0*

<b>Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography</b>												<b>2018-2020</b>	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Charleston-North Charleston MSA	35	573	52.2	0.0	0.0	29.6	45.7	52.6	48.6	17.8	5.7	0.0	0.0
Orangeburg County	32	348	47.8	0.0	0.0	31.5	53.1	46.9	46.9	0.0	0.0	0.0	0.0
	67	921	100.0	0.0	0.0	29.7	50.0	53.3	47.0	17.0	3.0	0.0	0.0

*Source: 2020 U.S Census; 01/01/2018 - 12/31/2020 Bank Data. Due to rounding, totals may not equal 100.0*

<b>Table V: Assessment Area Distribution of Consumer Loans by Income Category of the Borrower</b>												<b>2018-2020</b>	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Charleston-North Charleston-MSA	35	573	52.2	22.7	25.7	16.6	37.1	19.0	14.3	41.6	22.9	0.0	0.0
Orangeburg County	32	348	47.8	31.5	0.0	12.4	18.8	19.2	34.4	36.9	46.9	0.0	0.0
<b>Total</b>	67	921	100.0	23.2	13.4	16.4	28.4	19.1	23.9	41.3	34.3	0.0	0.0

*Source: 2020 U.S Census; 01/01/2018 - 12/31/2020 Bank Data. Due to rounding, totals may not equal 100.0*