



PUBLIC DISCLOSURE

August 14, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of South Carolina
Charter Number 10680

801 Gilway Street
Holly Hill, SC 29059-3421

Office of the Comptroller of the Currency

ADC Charlotte (8116) Field Office
212 South Tryon Street, Suite 700
Charlotte, NC 28281

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.

Table of Contents

OVERALL CRA RATING	3
DEFINITIONS AND COMMON ABBREVIATIONS	4
DESCRIPTION OF INSTITUTION	8
SCOPE OF THE EVALUATION	9
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	10
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS	11
LENDING TEST	11
APPENDIX A: SCOPE OF EXAMINATION	A1
APPENDIX B: COMMUNITY PROFILES FOR FULL-SCOPE AREAS	B1

Overall CRA Rating: Satisfactory

The Lending Test is rated: Satisfactory.

First National Bank of South Carolina's performance rating is supported by the following factors:

- The bank's loan-to-deposit ratio is reasonable, based on the institution's size, financial condition, and the credit needs of the assessment areas (AAs).
- The bank originates a substantial majority of its loans within its AAs.
- The distribution of loans to borrowers of different income levels and to businesses of different size reflects reasonable penetration.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- There have been no CRA complaints with respect to the bank's lending performance during the evaluation period.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout 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. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: 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; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

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, home equity 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 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, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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 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 income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

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 MA/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. 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 it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

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 (MSA): 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.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Rated Area: A rated area is a state or multi-state metropolitan 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 area, the institution will receive a rating for the multi-state metropolitan 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 One 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.

Description of Institution

First National Bank of South Carolina (FNB or the bank) is an intrastate financial institution that has been in operation since 1905. FNB is a wholly owned subsidiary of First National Bank Corporation (FNBC), a single bank holding company. The bank and holding company are headquartered in Holly Hill, SC. FNB operates eight branches in the counties of Berkeley, Dorchester and Orangeburg. In February 2014, the Boonehill branch located in Dorchester County was converted to a drive up only facility.

FNB offers a full range of banking products and services including checking, savings, certificates of deposit, discount brokerage, a trust department, commercial and retail lending. All branch locations have automated teller machines (ATMs). As of December 31, 2016, FNB reported total assets of \$187.2 million, Tier 1 Capital of \$23.5 million and total deposits of \$161.6 million. Net loans were \$81.3 million and represented 42.60 percent of average assets. During the evaluation period, loan growth has remained relatively stable with net loans fluctuating between \$78 million and \$81 million, while total deposits have increased by \$20 million, lowering the net loan-to-deposit ratio.

As of December 31, 2016, commercial lending represented 67.08 percent of the total loan portfolio and retail lending was 32.92 percent. The product mix is consistent with the bank's overall business strategy of originating loans secured by commercial and residential real estate. The bank's primary loan products are small business and home mortgage loans, which include home purchase, home refinance and home improvement. As of December 31, 2016, real estate loans made up 85.6 percent of the bank's average gross loans, with \$34 million secured by owner-occupied non-farm non-residential properties and other non-farm nonresidential properties and \$20 million secured by 1-4 family first mortgages.

FNB's two assessment areas (AAs) consist of the Charleston-North Charleston Metropolitan Statistical Area (MSA) and Orangeburg County, which is not part of a Metropolitan Statistical Area (non-MSA). There are 69 census tracts in the Charleston-North Charleston MSA comprised of 22 moderate-, 35 middle-, and 12 upper-income census tracts. There are three census tracts located in the Orangeburg non-MSA. There are no low-income census tracts within the AAs. Refer to Appendix B for details of the AAs.

The bank faces significant competition from numerous financial institutions in the MSA, including large, mid-sized and community banks. Based on discussions with management, primary competitors are Farmers and Merchants Bank, Enterprise Bank, First Citizens Bank, Branch Banking and Trust, South State Bank, Bank of North Carolina. According to the Federal Depository Institution Corporation's Market Share Report, there were 31 banks operating in the Charleston-North Charleston Metropolitan Statistical Area (MSA) as of June 30, 2016. FNB ranked 16th in total deposits with 0.92 percent of the market share. For Orangeburg County, South Carolina, FNB ranked fourth out of 9 banks with 4.56 percent of market share, as of June 30, 2016.

There are no legal or financial impediments to FNB's ability to meet the credit and community development needs of its AA. FNB's CRA performance was rated "Satisfactory" at the preceding CRA public evaluation dated June 18, 2012.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated FNB's performance using the Small Bank CRA examination procedures, which includes a lending test. The lending test evaluates the bank's record of meeting the credit needs of its assessment area through its lending activities.

Based on our analysis of the bank's lending activity during the evaluation period, we determined that home mortgage loans and small loans businesses are the bank's primary lending products. In evaluating the bank's lending performance, we reviewed home mortgage loans under the Home Mortgage Disclosure Act (HMDA). To evaluate the bank's business lending performance, we randomly sampled sixty business loans originated during the evaluation period.

The evaluation period for home mortgage loans and business loans is January 1, 2014 through December 31, 2016. The evaluation period for the loan-to-deposit ratio is from June 30, 2012 through December 31, 2016.

Data Integrity

The bank reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). The bank's HMDA data from January 1, 2015 through December 31, 2016 was tested and found to be reliable. The bank's processes and procedures for HMDA data collection, verification, and reporting are adequate. Therefore, HMDA data was used to evaluate the bank's home loan performance.

Selection of Areas for Full-Scope Review

We selected FNB's two AAs of Charleston-North Charleston MSA AA and Orangeburg County Non-MSA AA for full-scope review.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. We assigned greater weight to the bank's performance in the Charleston-North Charleston MSA AA, as this represents the majority of the bank's lending and deposits originated within this AA.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §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 assessment area 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 Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution 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.

Conclusions with Respect to Performance Tests

As part of the Lending Test, we analyzed the bank's loan-to-deposit ratio, lending inside the AA, borrower distribution among borrowers of different income levels and businesses of different sizes, borrower distribution of loans to businesses by loan size, geographic distribution, and any complaints received. We also considered the demographic data, the local economy, competition, and the community contact data within the AAs.

LENDING TEST

The bank's performance under the Lending Test is rated Satisfactory. The conclusion is based on a full-scope review of bank's performance in the Charleston-North Charleston MSA AA and Orangeburg County Non-MSA AA. In evaluating the bank's lending, less weight was given to the Geographic Distribution since there are no low-income census tract.

Loan-to-Deposit Ratio

FNB's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and credit needs of the AAs. Since the prior CRA examination in June 2012, the bank's average quarterly LTD ratio for the 19 quarters is 54 percent. The bank's average quarterly LTD ranged from a low of 48 percent to a high of 59 percent. The bank's LTD ratio compares adequately with other community banks of similar size, location, and product offerings. The peer average LTD ratios over the same 19 quarters is 65 percent that ranged from a low of 52 percent to a high of 92 percent. FNB's loan growth has remained relatively stable with net loans fluctuating between \$78 million and \$81 million, while total deposits have increased by \$20 million. This increase in deposits accounts for the bank's low LTD ratio.

Lending in Assessment Area

FNB originated a substantial majority of home mortgage and small business loans within its AAs. During the evaluation period, the bank originated 146 home mortgage and small business loans. This represented 84.39 percent of total number and 76.43 percent of total dollar volume of home mortgage and small business loans made within the AAs. The following table details this analysis.

Lending in Charleston-North Charleston MSA AA and Orangeburg County Non-MSA AA - Aggregate										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	47	85.45	8	14.55	55	6,906	84.39	1,277	15.61	8,183
Home Refinance	24	80.00	6	25.00	30	3,301	76.86	994	23.14	4,295
Home Improvement	26	92.86	2	7.14	28	507	68.79	230	31.21	737
Small Business	49	81.67	11	18.33	60	6,216	69.55	2,721	30.45	8,937
Totals	146	84.39%	27	15.61%	173	\$16,930	76.43%	\$5,222	23.57%	\$22,152

Source: Loan sample

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

The overall distribution of loans reflects a reasonable penetration among borrowers of different income levels and businesses of different sizes. In evaluating borrower income distribution, we considered the impact of family poverty rates, the local economic condition and the barriers that this may pose in the bank's ability to originate home mortgage loans.

Charleston-North Charleston MSA AA

The borrower distribution of loans in the Charleston-North Charleston MSA AA reflects reasonable penetration.

Home Mortgage Loans

The distribution of home mortgage loans to borrowers reflects reasonable penetration among borrowers of different income levels in the AA. The total percentage of home mortgage loans to low-income borrowers is near the percentage of low-income families in the AA. The total percentage of home mortgage loans to moderate-income borrowers was below the percentage of moderate-income families in the AA. According to 2010 U.S. Census data, 12 percent of families are below the poverty level.

The bank has an excellent penetration among low-income borrowers for home refinance and home improvement loans. The percentage of home refinance and home improvement loans to low-income borrowers exceeds the percentage of low-income families in the AA. The bank's percentage of home purchase to low-income families is lower than the percentage of low-income families in the AA.

The bank has an excellent penetration among moderate-income borrowers for home improvement loans. The bank's percentage of home improvement loans to moderate-income families is above the percentage of moderate-income families in the AA. The bank has reasonable penetration among moderate-income borrowers for home refinance and home purchase loans. The percentage of home purchase and home refinance loans to moderate-income borrowers is lower than the percentage of moderate-income families in the AA.

The following table details the percentage of home mortgage loans among borrowers of different income levels as compared to the percentage of families by income level residing in the AA.

Borrower Distribution of Home Mortgage Loans in Charleston-North Charleston MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	21.52	13.51	18.48	16.22	22.47	21.62	37.53	48.65
Home Refinance	21.52	30.00	18.48	15.00	22.47	35.00	37.53	20.00
Home Improvement	21.52	30.00	18.48	20.00	22.47	30.00	37.53	20.00
Total Home Mortgage Loans	21.52%	21.05%	18.48%	16.38%	22.47%	27.02%	37.53%	35.55%

Source: data reported under HMDA

Small Business Loans

The distribution of loans to businesses reflects reasonable penetration among businesses of different sizes. Loans to small businesses with revenues of one million dollars or less represented 86.49 percent of the bank’s business loans originated within the AA. The demographic data indicates that 83 percent of the businesses in the bank’s AA have gross annual revenue less than or equal to one million dollars. The distribution of loans to businesses with revenue of \$100 thousand or less represented 70.27 percent of the bank’s business loans, which reflects excellent penetration.

The following tables detail the bank’s record of lending to businesses of different sizes within the AA.

Borrower Distribution of Loans to Businesses in Charleston-North Charleston MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	83.07	4.51	12.42	100%
% of Bank Loans in AA by #	86.49	13.51	-0-	100%
% of Bank Loans in AA by \$	64.71	35.29	-0-	100%

Source: Loan sample; Dun and Bradstreet data.

Borrower Distribution of Loans to Businesses by Loan Size in Charleston-North Charleston MSA AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans (\$)	Percent of Dollar Volume
\$0 - \$100,000	26	70.27	951	19.83
\$100,001 - \$250,000	4	10.81	856	17.86
\$250,001 - \$500,000	6	16.22	2,012	41.97
\$500,001 - \$1,000,000	1	2.70	975	20.34
Over \$1,000,000	-0-	-0-	-0-	-0-
Total	37	100%	\$4,794	100%

Source: Loan sample

Orangeburg County Non-MSA AA

The borrower distribution of loans in the Orangeburg County Non-MSA AA reflects reasonable penetration.

Home Mortgage Loans

The distribution of home loans to borrowers reflects reasonable penetration among borrowers of different income levels in the AA. The total percentage of home mortgage loans to low-income borrowers was below the percentage of low-income families in the AA. The total percentage of home mortgage loans to moderate-income borrowers exceeded the percentage of moderate-income families in the AA. In our analysis, greater weight was placed on home purchase and home improvement loans in determining our rating for both low- and moderate-income borrowers as these reflect the majority of the bank lending. We took into consideration the poverty rate in the AA.

According to 2010 U.S. Census data, the poverty rate in the AA is 33 percent when compared to 34 percent of the AA families are low-income, this may impact the bank's ability to lend to low- and moderate-income borrowers.

The bank has a poor penetration among low-income borrowers for home purchase and home refinance loans. The bank has a reasonable penetration among low-income borrowers for home improvement loans. The percentage of home improvement loans to low-income borrowers is below the percentage of low-income families in the AA.

The bank has an excellent penetration among moderate-income borrowers for home purchase and home improvement loans. The percentage of home purchase loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. The bank's percentage of home improvement loans to moderate-income borrowers is above the percentage of moderate-income families in the AA. The bank has poor penetration among moderate-income borrowers for home refinance. The percentage of home refinance loans to moderate-income borrowers is lower than the percentage of moderate-income families in the AA. In analyzing the data, more weight was given to the home purchase and home improvement loans as there were only two home refinance loans during the evaluation period.

The following table details the percentage of home mortgage loans among borrowers of different income levels as compared to the percentage of families by income level residing in the AA.

Borrower Distribution of Home Mortgage Loans in Orangeburg County Non-MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	34.43	0	16.79	22.22	19.33	33.33	29.44	44.44
Home Refinance	34.43	0	16.79	0	19.33	0	29.44	100.00
Home Improvement	34.43	18.75	16.79	18.75	19.33	37.50	29.44	25.00
Total Home Mortgage Loans	34.43%	11.11%	16.79%	18.52%	19.33%	33.33%	29.44%	37.04%

Source: Data reported under HMDA

Small Business Loans

The distribution of loans to businesses reflects excellent penetration among businesses of different sizes. Loans to small business with revenues of one million dollars or less represented 91.67 percent of the bank's business loans originated and purchased within the AA. The demographic data indicates that 79.91 percent of the businesses in the bank's AA have gross annual revenue less than or equal to one million dollars. The distribution of loans to businesses with revenue of \$100 thousand or less represented 75 percent of the bank's business loans, which reflects excellent penetration.

The following tables details the bank’s record of lending to businesses of different sizes within the AA.

Borrower Distribution of Loans to Businesses in Orangeburg County Non-MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	79.91	5.65	14.44	100%
% of Bank Loans in AA by #	91.67	8.33	-0-	100%
% of Bank Loans in AA by \$	59.50	40.50	-0-	100%

Source: Loan sample; Dun and Bradstreet data

Borrower Distribution of Loans to Businesses by Loan Size in Orangeburg County Non-MSA AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	9	75.00	234,853	16.52
\$100,001 - \$250,000	-0-	-0-	-0-	-0-
\$250,001 - \$500,000	3	25.00	1,186,437	83.48
\$500,001 - \$1,000,000	-0-	-0-	-0-	-0-
Over \$1,000,000	-0-	-0-	-0-	-0-

Source: Loan sample.

Geographic Distribution of Loans

The bank’s overall geographical distribution of loans reflects reasonable dispersion throughout the AAs. In assessing geographic distribution, we took into consideration that there are no low-income census tracts within the AAs, and that the majority of the owner-occupied housing units and businesses are located in the moderate-, middle-, and upper-income census tracts.

Charleston-North Charleston MSA AA

The bank’s geographic distribution of loans reflects a reasonable dispersion in the AA. The distribution of home mortgage loans carried the most weight as it represents the majority of the bank’s lending (70 loans) when compared to business lending (37 loans) during the evaluation period.

Home Mortgage Loans

The geographic distribution of FNB’s home mortgage loans reflects a reasonable dispersion. The total distribution of home mortgage loans in the moderate-income geography is slightly below the percentage of owner-occupied housing in the moderate-income geography. The percentage of home refinance loans in moderate-income census tracts exceeds the percentage of owner-occupied housing in the moderate-income geography. The percentage of home purchase and home improvement loans in moderate-income census tracts is lower than the percentage of owner-occupied housing in the moderate-income geographies.

The following table details the percentage of home mortgage loans in the AA compared to the percentage of owner-occupied housing units in each census tract income level.

Geographic Distribution of Home Mortgage Loans in Charleston-North Charleston MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	NA	NA	24.66	15.79	57.28	65.79	18.07	18.42
Home Refinance	NA	NA	24.66	27.27	57.28	59.09	18.07	13.64
Home Improvement	NA	NA	24.66	20.00	57.28	70.00	18.07	10.00
Total of Home Mortgage Loans	NA	NA	24.66%	20.00%	57.28%	64.27%	18.07%	15.71%

Source: Data reported under HMDA

Small Business Loans

The bank's geographic distribution of loans to small businesses of various size reflects a reasonable dispersion in the AA. The bank's dispersion of loans in the moderate-income census tract of 24.32 percent is near the percentage of businesses in the AA of 29.52 percent.

The following table details the bank's performance as compared to the percentage of businesses in each census tract income level.

Geographic Distribution of Loans to Businesses in Charleston-North Charleston MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Business	-0-	-0-	29.52	24.32	53.99	56.76	16.49	18.92

Source: Loan sample; Dun and Bradstreet data.

Orangeburg County Non-MSA AA

The bank's geographic distribution of loans in this AA reflects a reasonable dispersion throughout census tracts of different income levels. The distribution of home mortgage loans carried the most weight as it represents the majority of the bank's lending (27 loans) when compared to business lending (12 loans).

Home Mortgage Loans

The geographic distribution of FNB's home mortgage loans reflects an excellent dispersion. The total distribution of home mortgage loans in the moderate-income geographies in the AA exceeded the percentage of owner-occupied housing in the moderate-income geography. The percentage of home purchase and home improvement loans in moderate-income census tracts exceeds the percentage of

owner-occupied housing in the moderate income geographies. The percentage of home refinance loans in moderate-income census tracts is lower than the percentage of owner-occupied housing in the moderate-income geographies. In analyzing the data, more weight was given to the home purchase and home improvement loans as there were only two home refinance loans originated or purchased during the evaluation period.

The following table details the percentage of home mortgage loans in the AA compared to the percentage of owner-occupied housing units in each census tract income level.

Geographic Distribution of Home Mortgage Loans in Orangeburg County Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	NA	NA	63.51	77.78	36.49	22.22	NA	NA
Home Refinance	NA	NA	63.51	50.00	36.49	50.00	NA	NA
Home Improvement	NA	NA	63.51	93.75	36.49	6.25	NA	NA
Total Home Mortgage Loans	NA	NA	63.51%	85.19%	36.49%	14.81%	NA	NA

Source: Data reported under HMDA

Small Business Loans

The bank's geographic distribution of loans to small businesses of various sizes reflects a reasonable dispersion in the AA. The bank's dispersion of loans in the moderate-income census tract of 55.97 percent is near the percentage of businesses in the AA of 57.46 percent.

The following table details the bank's performance as compared to the percentage of businesses in each census tract income level.

Geographic Distribution of Loans to Businesses in Orangeburg County Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Small Business	N/A	N/A	57.46	55.97	42.54	44.03	N/A	N/A

Source: Loan sample; Dun and Bradstreet data.

Responses to Complaints

FNB has not received any CRA related complaints during this evaluation period.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD loans): (01/01/14 to 12/31/16) Investment and Service Tests and CD Loans: N/A	
Financial Institution	Products Reviewed	
First National Bank of South Carolina (FNB) Holly Hill, South Carolina	Home Loans & Business Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
<i>[Instructions: Provide only if affiliate products are reviewed.]</i> N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Charleston-North Charleston MSA AA	Full Scope	All of Dorchester County and portions of Berkeley and Charleston Counties.
Orangeburg County Non-MSA AA	Full Scope	Four census tracts in Eastern Orangeburg County.

Appendix B: Community Profiles for Full-Scope Areas

Charleston-North Charleston MSA Assessment Area

Demographic Information for Full Scope Area: Charleston-North Charleston MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	69	0.00	31.88	50.72	17.39	0.00
Population by Geography	321,440	0.00	28.26	55.73	16.01	0.00
Owner-Occupied Housing by Geography	77,874	0.00	24.66	57.28	18.07	0.00
Business by Geography	14,116	0.00	29.52	53.99	16.49	0.00
Farms by Geography	368	0.00	26.36	57.61	16.03	0.00
Family Distribution by Income Level	80,405	21.52	18.48	22.47	37.53	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	32,167	0.00	38.90	52.20	8.90	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		60,579 68,200 12%	Median Housing Value Unemployment Rate (2010 US Census)	155,605 4.05%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, and 2016 HUD updated MFI.

The Charleston-North Charleston MSA AA is comprised of one complete county, Dorchester County, and two partial counties, Berkeley and Charleston Counties. The AA does not include all the census tracts in Charleston and Berkeley Counties because the inclusion of all census tracts in these areas would be too large for the bank to reasonably serve given the location of the bank's branch offices in the AA. These counties are located in Southeastern South Carolina and are part of the Charleston-North Charleston MSA. This AA meets regulatory requirements and does not arbitrarily exclude any low-or moderate-income areas.

Economic activity in the area is relatively diverse, with large and small manufacturing services, healthcare, education, trade/transportation, and business services being the primary economic activities. Average unemployment for the area is low and average, with employee wages increasing.

During our evaluation, we contacted a local economic development organization to determine the community and credit needs of the AA. According to the contact, there is opportunity for credit related projects within the community to service local small businesses. Our contact stated that there have also been new commercial developments in the area, as well as many new homes being built to accommodate the growing workforce. Additionally, the Oakbrook area, an older part of Summerville, SC, is in the process of being rehabilitated, which provides additional opportunities for lenders in the area.

Competition from other financial institutions is strong. According to June 30, 2016 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share data, FNB's deposits in the Charleston-North Charleston MSA totaled \$113 million ranking the bank 16th out of 31 depository institutions with 0.92 percent of the market share within the AA.

Orangeburg County Non-MSA Assessment Area

Demographic Information for Full Scope Area: Holly Hill Non MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	3	0.00	66.67	33.33	0.00	0.00
Population by Geography	16,243	0.00	62.29	37.71	0.00	0.00
Owner-Occupied Housing by Geography	4,703	0.00	63.51	36.49	0.00	0.00
Business by Geography	637	0.00	57.46	42.54	0.00	0.00
Farms by Geography	32	0.00	53.13	46.88	0.00	0.00
Family Distribution by Income Level	4,371	34.43	16.79	19.33	29.44	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	2,239	0.00	64.36	35.64	0.00	0.00
Median Family Income		43,494	Median Housing Value	81,031		
FFIEC Adjusted Median Family Income for 2016		44,200	Unemployment Rate	7.05%		
Households Below Poverty Level		33%	(2010 US Census)			

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 U.S. Census, and 2016 HUD updated MFI.

The Orangeburg County Non-MSA AA is comprised of three census tracts located in Eastern Orangeburg County. This county is located adjacent to the Charleston-North Charleston MSA. The AA does not include all the census tracts in Orangeburg County because the inclusion of all census tracts in these areas would be too large for the bank to reasonably serve given the location of the bank's branch offices in the AA. This AA meets regulatory requirements and does not arbitrarily exclude any low-or moderate-income areas.

Economic activity in the area is somewhat diverse, with manufacturing, educational services, healthcare and retail trade being the primary economic activities. Average unemployment for the area is moderate with average employee wages remaining stable.

During our evaluation, we contacted two local economic development organization to determine the community and credit needs of the AA. According to the contacts, there is opportunity for credit related projects within the community to provide housing for the expected growth within the county. The community contact also spoke about a large, new manufacturing company coming to the area, another large manufacturing company expanding and adding additional equipment and facilities to its operations, and a large forestry company adding a significant amount of new facilities. These future additions to the community will bring a significant amount of new jobs to the area, which the

community contact stated will increase the demand for housing. According to the community contact, home developers in the community are beginning to look for funding to begin building new housing developments to accommodate the growing workforce. This increase in jobs will provide local lending institutions with additional opportunities to serve the credit related needs of the community.

FNB does face competition from other financial institutions within the AA. According to June 30, 2016 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share data, FNB's deposits in the Orangeburg County non-MSA totaled \$43 million ranking the bank 5th out of 7 depository institutions with 4.56 percent of the market share within the AA.