



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 16, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Orangeburg National Bank
Charter Number 21398**

**1820 Columbia Road, N. E.
Orangeburg, SC 29115**

**Comptroller of the Currency
ADC - Carolinas Field Office
6100 Fairview Road Suite 1154
Charlotte, NC 28210**

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

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INSTITUTION'S CRA RATING

This institution is rated Satisfactory. The factors and data supporting this rating are as follows:

- ⇒ ONB's loan to deposit ratio is more than reasonable.
- ⇒ A substantial majority of ONB's loans were made within their AA.
- ⇒ ONB's distribution of loans by geography and borrower income level is reasonable.

DESCRIPTION OF INSTITUTION

Orangeburg National Bank (ONB) is a \$158 million intrastate bank headquartered in Orangeburg, SC. The bank operates 2 full service-banking offices in Orangeburg. Each banking office has an ATM and a drive-through facility. ONB is a wholly owned subsidiary of Community Bankshares, Inc. (CBI). CBI is also headquartered in Orangeburg, SC and operates three national banks in the state headquartered in Florence, Orangeburg, and Sumter. CBI had total assets of \$273 million as of December 31, 2000. ONB is the lead bank of the holding company; representing 58% of its assets.

ONB offers a full range of banking products and services. As of June 30, 2001, loans totaled \$105 million and deposits totaled \$132 million. Loans represent 66% of total assets. The distribution of ONB's loan portfolio was as follows: 1-4 family residential properties (34%); commercial (includes commercial real estate) (48%); consumer loans (16%); and farm loans (2%). As illustrated by their loan mix, ONB is primarily a commercial and residential lender. ONB's Tier 1 capital is \$13 million and their risked based capital to risk weighted assets equals 13%. There are no legal, financial or other factors impeding the bank's ability to help meet the credit needs in its assessment area (AA).

ONB's CRA performance was rated "Satisfactory" in the last public evaluation dated June 12, 1997.

DESCRIPTION OF ORANGEBURG COUNTY

ONB's AA includes Orangeburg County (in its entirety) and 2 census tracts in Calhoun County. Both counties are contiguous. The bank's delineation meets the legal requirements of the regulation and does not exclude any low- or moderate-income geographies. The AA consists of 1 low (6%), 6 moderate (35%), 8 middle (47%) and 2 upper (12%) income census tracts. ONB's two banking offices are located in census tract 114; a middle-income geography.

Approximately 17,600 families reside in the AA. Of this total, 26% are classified as low-income, 17% are moderate-income, 19% are middle-income and 38% are upper-income. The total population of the AA is 69,368.

The AA is distressed with a high rate of unemployment and poverty. As of September 30, 2001, the unemployment rate for Orangeburg County was 8% compared to the state average of 5.3%. The area is highly dependent on manufacturing jobs. Major employing industries include Frigidaire Home Products (2000 employees) and Koyo Corporation (720 employees). The 2000 update non-MSA median family income is \$40,300.

Competition in the AA is strong. There are 11 financial institutions with banking offices in the AA. Major competitors in the AA include several community banks, branches of 3 multinational banks, and offices of 4 regional banking companies. ONB is ranked second in deposit market share in this AA with a market share of 16%.

One community contact was made during this examination. We also reviewed two community contacts conducted by the OCC in 2000 and one community contact conducted by another regulatory agency prior to this exam. The types of organizations contacted include: a CDFI, a state-wide CDC association and an economic development corporation. The primary credit needs identified by these contacts are as follows: affordable housing (rental, 1-4 family residential, and rehabilitation) and small business loans (start-up and working capital). Also, the community contacts indicated that there is a need for down payment assistance programs.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Our sample included commercial and home mortgage loans. Based on the bank's loan mix, we determined that ONB's primary loan products were home mortgage loans and commercial loans. Furthermore, home mortgage and commercial loans were identified as credit needs in the community. We selected a random sample of 20 home mortgage loans and 20 commercial loans originated or purchased since our last examination. Our evaluation period was June 1997 through September 30, 2001. This sample was used to determine the bank's percentage of lending in their AA. The loans outside the AA were replaced with additional loans made in the bank's AA. This sample was used to determine the bank's geographic distribution and distribution by borrower income level performances.

In arriving at the overall bank rating, more weight was placed on borrower income distribution and geographic distribution than the other three categories.

Loan-to-Deposit Ratio

ONB's quarterly average loan-to-deposit ratio since the last examination is 78%. This ratio appears more than reasonable based on the bank's capacity and opportunities to lend within its AA. For comparison purposes, there are no similar situated institutions in the bank's AA based on the size of the institution. However, the bank's LTD ratio consistently exceeds other banks of similar size throughout the nation.

Lending in Assessment Area

A substantial majority of ONB's loans were made within their AA. Overall, 85% of ONB's loan originations are within their AA. By loan product, 85% of the number and 86% of the dollar volume of home mortgage loans were inside the bank's AA. In terms of commercial loans, 85% of the number and 90% of the dollar volume was inside the bank's AA.

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

ONB's distribution of home mortgage loans is reasonable. The bank made 5% and 20% of their home mortgage loans to low- and moderate-income borrowers, respectively. Demographic information shows that 26% of the families in the AA are low-income and 17% are moderate-income. The bank's poor performance to low-income borrowers is mitigated by the fact that 74% of the low-income families in the AA live below the poverty level, which makes it difficult for them to afford and maintain a home.

ONB's distribution of commercial loans is reasonable. ONB made 53% of their commercial loans to small businesses (businesses with annual revenues \$1 million or less). This is lower than demographic information that shows that small businesses represent 89% of all businesses in the AA. Furthermore, the majority (70%) of ONB's commercial loans were for amounts \$100 thousand or less.

Geographic Distribution of Loans

ONB's geographic distribution of home mortgage loans is excellent. Approximately, 5% of ONB's home mortgage loans were made in low-income geographies and 35% were made in moderate-income geographies, respectively. This compares favorably to demographic information which shows that 1% and 31% of owner-occupied units are located in these geographies, respectively.

In terms of commercial loans, ONB made 10% and 20% of their loans in low- and moderate-income geographies, respectively. This performance is reasonable, although it's below demographic data that shows that 16% of the businesses in the bank's AA are located in low-income geographies and 28% are in moderate-income geographies. One factor that might contribute to the bank's lower lending performances in these geographies is the number of businesses operating in these areas. In the low-income geography, there are only 388 businesses. In the moderate-income geographies, 694 businesses operate in the AA.

No conspicuous lending gaps were identified as a result of this analysis.

Responses to Complaints

ONB did not receive any CRA related consumer complaints during this evaluation period.

FAIR LENDING REVIEW

An analysis of two years public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 2000.