

SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

September 30, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Sumter National Bank
Charter Number 22952**

**683 Bultman Drive
Sumter, SC 29150**

**Comptroller of the Currency
ADC - Carolinas
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:

- Sumter National Bank's loan-to-deposit ratio is more than reasonable.
- A substantial majority of the bank's loans have been made within the bank's Assessment Area (AA).
- Sumter National Bank's distribution of loans by geography and borrower income level is adequate.

DESCRIPTION OF INSTITUTION

Sumter National Bank (SNB) is a \$99 million intrastate bank headquartered in Sumter, SC. The bank operates two full service banking offices in Sumter. Each location has an ATM and a drive-through facility. SNB is wholly owned by Community Bankshares, Inc. (CBI) located in Orangeburg, SC. CBI owns and operates three national banks in the state located in Orangeburg, Sumter, and Florence. In addition, CBI owns one state chartered bank located in Ridgeway, SC and a mortgage company based in Columbia, SC. CBI reported total assets of \$326 million as of June 30, 2002.

SNB offers a full range of banking products and services. As of June 30, 2002, loans totaled \$81 million and deposits totaled \$80 million. Loans represent 82% of total assets. The distribution of SNB's loan portfolio was as follows: 1-4 family residential properties (26%); commercial and commercial real estate (64%); consumer loans (10%); and farm loans (0.1%). As illustrated by their loan mix, SNB is primarily a commercial lender and to a lesser extent, a residential lender. SNB's Tier 1 capital was \$7 million and their risk-based capital to risk weighted assets equals 10.2%. There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs within its AA.

SNB's CRA performance was rated "Satisfactory" in the last public evaluation dated September 30, 1997.

DESCRIPTION OF SUMTER COUNTY

SNB's AA includes Sumter County. The delineation meets the legal requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. The AA consists of 9 moderate (39%), 9 middle (39%), 4 upper (18%), and 1 non-rated (4%) income census tracts. There are no low-income census tracts within the AA. SNB's two banking offices are both located in census tract 9, which is an upper-income geography.

Approximately 25,997 families reside in the AA. Of this total, 21% are classified low-income, 18% are moderate-income, 21% are middle-income, and 40% are upper-income. The total population of the AA is 102,637.

The overall economic condition of the AA is fair. As of June 30, 2002, the unemployment rate for the county was 7.5% versus the statewide average of 5.5%. The area economy is highly dependent upon military and manufacturing related jobs. Major employers include Shaw Airforce Base (13,498 employees), Gold Kist Inc. (2,484 employees), and Tuomey Regional Medical Center (1,500 employees). The 2001 updated MSA median family income was \$38,200.

Competition in the AA is strong. There are eight financial institutions operating in the AA and include branches of several multinational and regional banks, as well as credit unions and finance companies. SNB is ranked sixth in deposit market share in this AA with 11% of the local deposit base.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Our analysis included an evaluation of commercial and home mortgage loans, as these are the bank's primary loan products based on the bank's current loan portfolio composition. In addition, small business and residential mortgage products were identified as credit needs within the community. We selected a random sample of 36 commercial loans and the entire population of Home Mortgage Disclosure Act (HMDA) related credits originated or purchased since our last examination. Our evaluation period was January 1, 1998 through June 30, 2002. These samples were used to determine the bank's percentage of lending in their AA as well as 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 and geographic distributions than the other three categories.

Loan-to-Deposit Ratio

SNB's quarterly average loan-to-deposit ratio since the last examination is 97%. This ratio is more than reasonable based on the bank's capacity to lend within its AA. There are no similarly situated institutions within the bank's AA based on the size of this institution for comparison purposes. However, the bank's ratio consistently exceeds other banks of similar size throughout the nation.

Lending in Assessment Area

A substantial majority of the bank's loans were made within their AA. By loan product, 92% of the number and 70% of the dollar volume of the bank's commercial loans were originated within their AA. In terms of home mortgage loans, 90% of the number and 87% of the dollar volume of loans were originated inside the bank's AA.

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

SNB's distribution of commercial loans is good. SNB originated 91% of their commercial loans to small businesses (businesses with revenues of \$1 million or less). This level of performance compares favorably with the AA demographic information that shows small businesses represent 89% of all businesses in the AA. In addition, the majority (79%) of SNB's commercial loans were originated at amounts of \$100 thousand or less.

SNB's distribution of home mortgage loans is adequate. The bank originated 4% and 12% of their home mortgage loans to low- and moderate-income borrowers, respectively. Demographic information shows that 21% of the families in the AA are low-income and 18% are moderate-income. The bank's weak performance to low-income borrowers is mitigated by the fact that 79% of the low-income families within the AA live below the poverty level, which makes it difficult for them to afford and maintain a home.

Geographic Distribution of Loans

SNB's distribution of commercial loans is adequate. SNB originated 33% of their commercial loans in moderate-income geographies. This is comparable to demographic information, which shows 37% of the businesses in the bank's AA are located in moderate-income geographies.

SNB's geographic distribution of home mortgage loans is satisfactory. The bank extended approximately 24% of its home mortgage loans to moderate-income geographies. Demographic information reflects that 26% of owner-occupied units are located in moderate-income geographies.

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

Responses to Complaints

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

Fair Lending Review

An analysis of 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 examination was performed in 2000.