



Comptroller of the Currency
Administrator of National Banks

Licensing Operations
Southern District Office
500 North Akard, Suite 1600
Dallas, Texas 75201-3323

Corporate Decision #2004-5 February 2004

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION FOR SOUTH CAROLINA BANK AND TRUST, NATIONAL ASSOCIATION, ORANGEBURG, SOUTH CAROLINA TO PURCHASE THE ASSETS AND ASSUME THE LIABILITIES OF THE DENMARK, SOUTH CAROLINA BRANCH OF SECURITY FEDERAL BANK, AIKEN, SOUTH CAROLINA UNDER THE CHARTER AND TITLE OF SOUTH CAROLINA BANK AND TRUST, N.A., CHARTER NO. 13918.
CAIS CONTROL NUMBER 2003-SD-02-0016

Introduction:

On December 8, 2003, application was made to the Comptroller of the Currency for prior authorization to purchase the assets and assume the liabilities of the Denmark, South Carolina branch of Security Federal Bank, Aiken, South Carolina 29803 (“Security”) by South Carolina Bank and Trust, National Association, Orangeburg, South Carolina 29115 under the charter and the title of South Carolina Bank and Trust, National Association, (“SCB&T”) Charter Number 13918. This application was based on an agreement entered into between the proponents on November 14, 2003.

Participating Financial Institutions

As of September 30, 2003, the Denmark, South Carolina branch office of Security subject to the purchase and assumption agreement had total deposits of \$ 14,947,000. On the same date, SCB&T had total deposits of \$830,270,000 and operated thirty-four offices. SCB&T is one hundred percent owned and controlled by First National Corporation, a multi-bank holding company.

Competitive Analysis

The relevant geographic market for this proposal is Bamberg County, South Carolina. This is the area where competition between SCB&T and Security is direct and immediate. Within this market, SCB&T and Security compete with two commercial banks and one thrift for approximately \$173 million in deposits. SCB&T is the third largest depository institution in Bamberg County with approximately 20 percent of the market’s total deposits. Security is the smallest in the market with approximately 9 percent of the market’s deposits. Upon consummation of this transaction, SCB&T would become the second largest depository

institution with approximately 29 percent of the market's deposits. Enterprise Bank of South Carolina would maintain the largest market share of 37.5 percent and Wachovia Bank, NA would drop to third largest in the market with a 21 percent market share. While the proposed transaction would eliminate some direct competition in the relevant geographic market, any adverse competitive effects would be mitigated by the presence of the remaining banking alternatives in the relevant market. Therefore, consummation of this proposal would not have a significantly adverse effect on competition in the relevant geographic market.

The OCC has reviewed the competitive effects of this proposal by using its standard procedures for determining whether a business combination clearly has minimal or no adverse competitive effects. The OCC finds that the proposal satisfies its criteria for a purchase of assets and assumption of liabilities that clearly has no or minimal adverse competitive effects.

Banking Factors

The Bank Merger Act requires the OCC to consider "...the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served." We find that the financial and managerial resources of SCB&T and Security Federal Bank do not raise concerns that would cause the application to be disapproved. The future prospects of the proponents, individually and combined, are considered favorable and the resulting bank is expected to meet the convenience and needs of the community to be served. Converting Security account holders will be transitioned into comparable accounts currently offered by SCB&T and will continue to have local access to ATM facilities in Denmark, South Carolina.

Community Reinvestment Act

A review of the record of this application and other information available to the OCC as a result of its regulatory responsibilities has revealed no evidence that the applicants' records of helping to meet the credit needs of their communities, including low- and moderate-income neighborhoods, is less than satisfactory.

Conclusion

We have analyzed this proposal pursuant to the Bank Merger Act (12 U.S.C. § 1828(c)) and/or 12 CFR 5.33, and find that it will not lessen significantly competition in any relevant market. Other factors considered in evaluating this proposal are satisfactory. Accordingly, the application is approved.

/s/ Brenda E. McNeese
Brenda E. McNeese
Acting Licensing Manager

Dated: 1/30/04