



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

August 1, 2011

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

Conway National Bank  
Charter Number: 10536

1400 Third Avenue  
Conway, South Carolina 29526

Office of the Comptroller of the Currency

Carolinas Field Office  
212 South Tryon Street, Suite 700  
Charlotte, North Carolina 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.

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## Overall CRA Rating

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

The following table indicates the performance level of **Conway National Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory		X	
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- The bank's level of small loans to business is excellent relative to deposit and market share. Home mortgage lending was good compared to deposit and market share.
- A substantial majority of the bank's small loans to businesses and home mortgage were originated in the assessment area.
- The bank's geographic distribution of loans reflects good penetration throughout the assessment area.
- The bank's distribution of small loans to small businesses is excellent compared to area demographics and market share.
- The bank's record of lending to borrowers of different income levels was good.
- The bank's level of qualified investments was good in relationship to the bank's resources and community development opportunities.
- CNB's qualified investments exhibits a high level of responsiveness to credit and community economic development needs.
- The bank's qualified investments are reasonably innovative and complex considering the Institution's resources and the availability of qualified investments.
- CNB provides a wide range of deposit and banking services that are readily assessable to all portions of the assessment area.
- Branch openings and closings did not adversely affect accessibility of the bank's banking services.

- Retail banking services and hours do not vary in ways that inconvenience portions of the assessment areas. Drive-thru facilities and ATM are available at all branch offices.
- CNB provides a high level of community development services in relationship to community development opportunities in the assessment area and the bank's resources.

## 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 usually have between 2,500 and 8,000 persons, and 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**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 do 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on 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 ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development 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 Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county 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) and the Thrift Financial Reporting (TFR) 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

The Conway National Bank (CNB) is an intrastate bank headquartered in Conway, South Carolina. As of June 30, 2011, CNB had total assets of \$914 million. The bank operates twelve branch offices in Horry County and two branch offices in Georgetown County. CNB is wholly-owned by CNB Corporation, Inc., a one-bank holding company also headquartered in Conway, South Carolina. During this evaluation period, CNB has not been involved in any merger or acquisition activity.

CNB offers a full range of products and services. Loan product categories include agricultural, commercial, consumer, residential real estate, small business, and community development. As of June 30, 2011, loans totaled \$513 million and represented 56 percent of total assets. The distribution of the bank's loan portfolio is as follows: 50 percent commercial and commercial real estate, 36 percent residential real estate, 8 percent consumer, and 4 percent farm. As indicated by the loan mix, CNB is primarily a commercial and commercial real estate lender.

CNB's Tier One Capital is \$86 million with a Tier One Capital to risk weighted assets ratio of 16 percent. CNB also provides brokerage services, which have no impact on the bank's CRA performance. There are no legal, financial, or other factors which would impede the bank's ability to help meet the credit needs in its assessment area (AA).

CNB operates in a very competitive environment. The bank's competitors include local community banks, regional banks, non-bank financial institutions, and mortgage companies. As of June 30, 2010, FDIC Summary of Deposit data ranks CNB 2nd out of 26 institutions and holds 12.47 percent of the deposit market share in Horry County. In Georgetown County, the bank ranks 10<sup>th</sup> out of 16 institutions and holds 4.92 percent in market share.

CNB's CRA performance was rated "Outstanding" in the last public evaluation dated October 4, 2007.

## **Scope of the Evaluation**

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

The Performance Evaluation assessed the bank's performance under the Lending, Investment, and Service Tests. The evaluation period for the lending test for home mortgages reported under the Home Mortgage Disclosure Act (HMDA) and for small loans to business is from January 1, 2008 through December 31, 2010. The evaluation period for community development loans, investments, and service tests covers activities from October 4, 2007 through August 1, 2011.

### **Data Integrity**

In May 2011, an evaluation of the integrity of CNB's publicly filed information was performed to verify the accuracy of the data. The bank's processes, procedures, and internal controls for HMDA and CRA data collection, verification, and reporting are satisfactory. We did not identify any significant errors in the loan data. This evaluation is based on accurate data.

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

The Myrtle Beach-Conway-North Myrtle Beach MSA, which consists of Horry County, was selected for a full-scope review as it comprises a substantial share of CNB's branches and business. Based upon current analysis, approximately 93 percent of the bank's total deposits and 95 percent of the bank's total loans are in this AA.

### **Ratings**

The bank's overall rating is based primarily on those areas that received full-scope reviews. In this case, the Myrtle Beach-Conway-North Myrtle Beach MSA (Myrtle Beach MSA) received a full-scope review. As there are no low-income census tracts and few moderate-income census tracts, the distribution of loans to borrowers of different income levels and businesses of different sizes received more weight than the geographic distribution of loans. Therefore, the geographic distribution of loans carries less weight under the Lending Test. During the evaluation period, small loans to businesses represented 79 percent of CNB's total lending activity and the focus of the bank's lending operations. As a result, the conclusions for the Lending Test were primarily based upon the bank's small loans to businesses.

## **Other**

During this examination, we made one community contact involved in economic development initiatives within Horry County. The contact indicated that although tourism is major part of the local economy, this industry has not generated a significant number of new jobs. In addition, the contact noted that housing and new construction activity is stagnant within Horry County. The contact stated that this is an area of significant need for Horry County in order to diversify the economic base.

The opportunity to make community development loans and investments is limited in Horry County. During this review, we did not identify any Small Business Investment Corporations (SBICs), Community Development Corporations (CDCs), or Community Development Financial Institutions (CDFIs) in the bank's AA.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

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

The bank's performance under the lending test is rated "Outstanding". Based on a full-scope review, the bank's performance in the Myrtle Beach-Conway-North Myrtle Beach MSA is excellent.

#### **Lending Activity**

Refer to Tables 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's lending activity.

CNB's lending activity reflects excellent responsiveness to credit needs in the Myrtle Beach-Conway-North Myrtle Beach MSA AA. During the evaluation period, the bank originated 1,239 home mortgage loans totaling \$143 million; 5,045 small loans to businesses totaling \$308 million; and 70 small loans to farms totaling \$3 million. Of the total home mortgage loans, home purchase loans represent 23 percent, home improvement loans 11 percent, and home refinance loans 64 percent. CNB's multi-family mortgage lending is minimal and therefore an analysis of lending performance for this product would not be meaningful.

Relative to deposit market share and rank, the bank's HMDA lending levels were good. The bank ranked 8 out of 419 HMDA reporters in the overall volume of HMDA lending with a market share of 3 percent market. In terms of individual HMDA products, CNB is the tenth largest originator of home purchase loans with a 2 percent market share, the seventh largest originator of home refinance loans with a 4 percent market share, and the largest originator of home improvement loans with a 17 percent market share.

Relative to deposit market share and rank, the bank's CRA lending levels were excellent. CNB ranked second among 26 CRA reporters with a 17 percent market share in loans to businesses. CNB's farm lending is insignificant; therefore, an analysis of the lending performance for this product would not be meaningful.

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

The overall geographic distribution of loans was good. The geographic distribution of home mortgage loans was good. The geographic distribution of small loans to businesses was good. Lending to small farms is insignificant. There were no unexplained conspicuous gaps in the bank's lending patterns throughout its AA. A substantial majority of its loans were made in their AA.

In evaluating the geographic distribution of home mortgage loans, we considered the limited number of owner occupied units located in low-income geographies, the limited population residing in low-income geographies, and the strong level of competition from competing financial institutions. In evaluating the geographic distribution of small loans to businesses, we considered the limited number of businesses operating within low-income geographies.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4, and 5, in Appendix C for a partial summary of the data used to evaluate the geographic distribution of the bank's residential mortgage loan originations made during the review period.

### ***Home Purchase Loans***

CNB's geographic distribution of home purchase loans in the AA was good. The percentage of home purchase loans among moderate-income geographies was good compared to the percentage of owner occupied housing units in moderate-income census tracts in the AA. The bank's market share of home purchase loans exceeded the overall market share in the AA.

### ***Home Improvement Loans***

CNB's geographic distribution of home improvement loans in the AA was good. The percentage of loans in moderate-income census tracts exceeded the percentage of owner occupied housing units in moderate-income geographies. The bank's market share was below the overall market share. Management attributed the bank's lower market share of home improvement loans to competition from other lenders. According to 2009 Aggregate HMDA data, there were 46 lenders which originated and purchased home improvement loans in the Myrtle Beach AA.

### ***Home Refinance Loans***

The geographic distribution of home mortgage refinance loans in the AA was good. The percentage of moderate-income census tracts was reasonable in relationship to the percentage of owner occupied housing units in moderate-income census tracts. The bank's market share in the moderate-income geographies exceeded the bank's overall market share.

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

Refer to Tables 6 and 7 in Appendix C for a summary of the data used to evaluate the geographic distribution of the Institution's small loans to businesses and farms.

The bank's geographic distribution of small loans to businesses was good. Lending within moderate-income census tracts was slightly less than the percentage of

businesses located in moderate-income census tracts. The bank's market share of loans to businesses in the moderate-income tract was near [to](#) their overall market share.

### ***Small Loans to Farms***

Refer to Table 7 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

We did not analyze CNB's small loans to farms lending performance. The volume of loans was not significant, representing only 1 percent of the bank's total lending activity. The data is presented in the table for informational purposes only.

### ***Lending Gap Analysis***

We evaluated the lending distribution in this AA to determine if any unexplained conspicuous gaps existed. We used lending reports and maps to compare the geographies where loans were made to the geographies in the AA. We considered loan distributions, branch locations, competition, market conditions, and demographic information. No unexplained conspicuous gaps were identified. This performance had a positive impact on the overall geographic distribution analysis.

### ***Inside/Outside Ratio***

A substantial majority of CNB's loans were made in the AA. Overall, 97 percent of home mortgage loans and 96 percent of small loans to business originated inside the bank's AA. This analysis was performed on the entire bank rather than by AA. This performance has had a positive effect on the overall geographic distribution analysis.

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

The overall distribution of loans by borrower income level in the AA was excellent. The distribution of home mortgage loans by borrower income level was good. The distribution of small loans to businesses was excellent. A substantial majority of small loans to businesses were for amounts less than \$100 thousand.

In evaluating the borrower distribution of home mortgage loans, we considered the inflated level of unemployment and number of families that live below the poverty level including the barriers that this may have on home ownership. Based on 2000 census data, approximately 8 percent of the families in the AA live below the poverty level. The AA's unemployment rate is high at 12.9 percent, which exceeds the South Carolina average. The combination of these factors put additional strain on the bank's ability to make home mortgage loans in the AA.

### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

### ***Home Purchase Loans***

The distribution of home purchase loans to borrowers of different income levels was good. The percentage of loans to low-income borrowers was below the percent of low-income families in the AA. However, opportunities to lend to low-income borrowers are adversely impacted by family poverty rates in the AA. The bank's market share of loans to low-income borrower exceeded their overall market share of home purchase loans in the AA.

The distribution of loans to moderate-income borrowers was slightly below the percentage of moderate-income families. The bank's market share of loans to moderate-income borrowers exceeded their overall market share of home purchase loans in the AA.

### ***Home Improvement Loans***

The distribution of home improvement loans to borrowers of different income levels was good. Lending to low-income borrowers was below the percentage of low-income families in the AA. CNB's market share of loans to low-income borrowers was good compared to overall market share of home improvement loans in the AA. The distribution of loans to moderate-income borrowers was commensurate with the distribution of moderate-income families. The bank's market share of loans to moderate-income borrowers exceeded their overall market share of home improvement loans in the AA.

### ***Home Refinance Loans***

The distribution of home refinance loans to borrowers of different income levels was good compared to area demographics and market share. Lending to low-income borrowers was significantly below the percentage of low-income families. As previously mentioned, family poverty rates tend to limit lending opportunities to low-income borrowers. The bank's market share of low-income borrowers exceeded their overall market share of home refinance loans in the AA.

Lending to moderate-income borrowers was slightly below the percentage of moderate-income families. CNB's market share of loans to moderate-income borrowers exceeded their overall market share of home refinance loans in the AA.

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

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

CNB's distribution of loans to small businesses was excellent in relationship to area demographics and market share. During the review period, the bank originated 5,045 small loans to businesses. The substantial majority of these loans were to businesses with revenues less than \$1 million. The bank was the leader in loans to businesses with revenues less than \$1 million. CNB's market share of loans to businesses with revenues less than \$1 million significantly exceeded overall market share in the AA. A substantial majority of the bank's small loans to businesses were for amounts less than \$100 thousand.

### ***Small Loans to Farms***

Refer to Table 12 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

We did not analyze CNB's small loans to farms lending performance. The volume of loans was not significant, representing only 1 percent of the bank's total lending activity. The data is presented in the table for informational purposes only.

### **Community Development Lending**

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

CNB's community development lending was limited to six multi-family loans. While the bank did not originate any other community development loans, the bank did originate one small loan to a business which had community development qualities. During the review period the bank provided a \$125 thousand loan to The Waccamaw Regional Transportation Authority. This local transportation authority provides an important service benefiting LMI individuals in the AA.

### **Product Innovation and Flexibility**

CNB has not used any innovative or flexible loan products during the evaluation period.

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

Based on limited-scope review, the bank's performance under the lending test in Georgetown County is not inconsistent with the bank's overall ("lending test rating") performance under the lending test. Refer to Tables 1 through 13 in appendix C for the

facts and data that support these conclusions. The bank's performance in the limited-scope area did not have a significant impact on lending test conclusions.

## **INVESTMENT TEST**

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

The bank's performance under the investment test in the Myrtle Beach-Conway-North Myrtle Beach MSA is rated "High Satisfactory." Based on a full-scope review, the bank's performance was good.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

CNB has a significant level of qualified investments. Moreover, the bank's qualified investments showed good responsiveness to credit and community development needs. Refer to the Market Profile section for details on needs and opportunities. As of June 30, 2011 qualified investments in the Myrtle Beach AA totaled approximately \$791 thousand and represented approximately 0.92 percent of Tier 1 Capital. The majority of the bank's qualified investments are comprised of an investment in the CRA Investment Fund. As described below, this security is innovative and is responsive to community credit needs and represents a significant portion of the bank's total qualified investments. All of the bank's investments have a positive impact on the Investment Test.

*CRA Investment Fund* – Through this bond fund, CRA related investments are purchased on the bank's behalf. Currently, \$695 thousand of the bank's funds are invested in seven single family mortgage loans to low- and moderate-income borrowers within the Myrtle Beach AA. In addition, \$256 thousand of the bank's funds are invested in a South Carolina State Housing Finance and Development Authority Mortgage Revenue Bond Series 2006 A-2. The proceeds from this bond issues were used to purchase loans for low-and moderate-income borrowers throughout the state of South Carolina.

The remaining qualified investments consisted of \$95 thousand in financial contributions to numerous community organizations involved in community development initiatives. Included in the financial contribution was \$55 thousand that was given to HEALTHREACH, Conway Medical Center's outreach program. This program provides free medical screening to low- income and moderate-income individuals and operates a free medical clinic for indigent and uninsured workers. In addition, CNB contributed \$18 thousand to the United Way of Horry County. This organization provides a wide range of social services benefiting low- and moderate-income individuals.

## **Conclusions for Area Receiving Limited-Scope Reviews**

Georgetown County AA was consistent with the bank's overall ("investment test rating") performance under the investment test. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

CNB's qualified investments in the Georgetown AA include a \$120 thousand in the CRA Investment Fund and \$1 thousand in financial grants and donations. Community development opportunities are limited in the Georgetown AA. The bank's Georgetown AA consists of two middle-income census tracts, known as the Waccamaw Neck region of Georgetown County. These areas consist of the communities of Pawley's Island and Murrells Inlet.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "Outstanding." Based on a full-scope review, the bank's performance in the Myrtle Beach-Conway-North Myrtle Beach MSA is excellent in relationship to the bank's resources and community development opportunities. CNB's performance in the Georgetown County AA is adequate.

### **Retail Banking Services**

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

CNB's retail banking delivery systems are readily accessible throughout the Myrtle Beach MSA. CNB operates 12 full service branches and 14 ATMs (two of these ATM are free standing). All but one of the ATMs (located at Conway Medical Center) accepts deposits. The bank's distribution of branch offices in moderate-income census tracts exceeds the percent of the population which reside in these geographies. Fifty percent of the bank's branches are located in middle-income geographies and 12 percent are located in upper-income geographies. There are no low-income census tracts in the Myrtle Beach AA.

During our evaluation period, CNB opened one branch in 2008 located at the intersection of Hwy. 9 & Hwy. 57 in Little River, South Carolina (located in a middle-income census tract) and one ATM in 2009 located at 4100 River Oaks Drive Myrtle Beach, South Carolina (a middle-income census tract). In 2006, CNB ceased partial operations at the Coastal Centre Express branch (located in a moderate-income census tract) due to rapidly increasing rental rates for the property; however, drive-thru and ATM operations remained operating at the facility until they were also closed in August

2008. This closing did not adversely affect accessibility of banking services within moderate income census tracts or for low- and moderate-income individuals.

CNB's retail banking services do not vary in a way that inconveniences the AA, particularly moderate-income geographies or low- and moderate-income individuals. Bank services and operating hours for the bank's branch offices are consistent with other local financial institutions. All full service offices are open for business Monday through Thursday from 9:00 a.m. to 5:00 p.m. with extended hours on Friday evenings until 6:00 p.m. The drive-in facilities are open for business Monday through Thursday from 8:30 a.m. to 5:00 p.m. with extended hours on Friday evenings until 6:00 p.m.

CNB's retail banking services are supplemented with several alternative delivery systems. These alternative systems include online banking which allows both personal and business customers to verify deposits and balances, transfer deposit funds, or execute bill payments. In addition, the bank offers telephone banking which allows customers to obtain account balance information, interest rates, conduct transactions, transfer funds, and make loan payments 24 hours a day over the phone.

CNB offers a wide range of personal deposit services and banking products at each branch office, including a free checking account product. In addition, the bank offers a number of banking services for small businesses, including a checking account with no minimum opening balance requirement and low maintenance fees.

## **Community Development Services**

CNB provides a high level of community development services in relationship to the bank's resources and local community development opportunities. Refer to the demographic profile section of the PE for additional information on the available CD opportunities in this AA.

Bank personnel serve in leadership positions and provide technical expertise to numerous organizations that benefit low- and moderate-income individuals and economic development initiatives. The bank's record of providing community development services is responsive to the needs of the community. These organizations include the following: Waccamaw Youth Center, Shepard Table Soup Kitchen, the Myrtle Beach Housing Authority, a local chapter of the Salvation Army, the Smith Jones Community Center, and the Friendship House and Medical Clinic. In addition, other bank personnel provide technical expertise to agencies involved in small business development and economic development. These organizations include the Small Business Development Center and the Conway Chamber of Commerce.

CNB personnel provide an extensive amount of financial literacy education to multiple community organizations, including those serving to low- and moderate-income individuals and school students. During the review period bank personnel conducted 75 presentations on financial literacy and personal banking topics that were attended by approximately five thousand individuals. Bank employees also conducted

approximately 107 financial literacy sessions through the Teach Children to Save program to second grade students in several public schools, including schools which serve predominately low- and moderate-income students. The bank's CRA officer conducted several financial literacy sessions for clients of A Father's Place. This nonprofit organization works to help non-custodial fathers assume positive roles in the lives of their children. Many of the fathers in this program have high unemployment rates, low educational levels, and high rates of incarceration.

In October 2010, several of CNB's branch offices became payment stations for Horry County Electric Cooperative. Through this service, customers of Horry County Electric Cooperative can make their electric payments at CNB's branch offices. As an additional service, the electric cooperative offers customers who have difficulty making their initial deposit, the option to prepay their electric bills. This prepayment option is beneficial to low- and moderate-income individuals as it helps them avoid large end of the month electric bills or possible termination of service for nonpayment.

CNB is an active participant in small-denomination lending. The bank classifies this activity as a community service, rather than a formal lending activity. From January 1, 2008 through July 25, 2011, the bank originated 1,943 loans totaling \$1.9 million (average loan amount of \$954) for amounts less totaling \$1,500. Approximately 11 percent of these loans were made in moderate-income census tracts. These loans are offered at reasonable rates, which would tend to benefit low-and moderate-income individuals.

CNB employees and management demonstrate a continued commitment to community development by actively participating in numerous community development-related organizations. As a result, these efforts have had a positive impact on the bank's overall Service Test rating.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Georgetown County AA is weak compared to the bank's overall ("Service Test rating") performance under the Service Test. This level of performance in this area is due to the bank's limited presence in this market and limited community development. The bank's limited level of community development services in the Georgetown AA does not have a substantial impact on the overall Service Test. Refer to Table 15 in Appendix C for the facts and data that support these conclusions.

## 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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/2008 to 12/31/2010 Investment and Service Tests and CD Loans: 10/04/07 to 08/01/11	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
The Conway National Bank Conway, SC	Residential Mortgage Loans Loans to Businesses and Farms Community Development Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
NONE		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Myrtle Beach-Conway-North Myrtle Beach MSA #34820	Full-Scope	Horry County
Georgetown County	Limited-Scope	

## Appendix B: Market Profiles for Full-Scope Areas

### Myrtle Beach-Conway-North Myrtle Beach MSA SC #34820

Demographic Information for Full-Scope Area: Myrtle Beach-Conway-North Myrtle Beach						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	43	0	16.28	62.79	20.93	0
Population by Geography	196,629	0	12.74	70.33	16.93	0
Owner-Occupied Housing by Geography	56,699	0	9.72	72.14	18.13	0
Businesses by Geography	20,747	0	18.23	58.19	23.58	0
Farms by Geography	566	0	14.84	73.67	11.48	0
Family Distribution by Income Level	54,777	18.14	19.53	22.91	39.42	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	20,635	0	16.77	71.57	11.66	0
Median Family Income	= \$43,192			Median Housing Value	= \$107,405	
HUD Adjusted Median Family Income for 2010	= \$53,200			Unemployment Rate	= 12.9%	
Households Below the Poverty Level	=11.17%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2007 U.S. Census and 2010 HUD updated MFI.

The Conway-Myrtle Beach MSA AA is comprised entirely of Horry County. CNB operates 12 offices and 2 stand alone automated teller machines (ATM) in Horry County. A majority of these offices are evenly distributed between the cities of Conway and Myrtle Beach. Horry County is located in the northeastern coastal area of South Carolina and is the largest county in the state in terms of land area.

Tourism is the dominant industry in the area and a drop in the unemployment rate can be seen each year during the high tourism season. The largest employers for the AA are the Horry County Department of Education, Wal-Mart, Horry County Government, Grand Strand Regional Medical Center, and Conway Medical Center. The top manufacturers are AVX Corporation and Conbraco Industry.

Competition in the area consists of 26 financial institutions including branches of national and regional banks. BB&T has the largest market share of deposits with 13.18 percent. CBN has the second largest market share with 12 percent of total deposits. Horry County State Bank and Wells Fargo have the third and fourth largest market share of deposits, with 11 percent and 9 percent, respectively.

Based on information from a community contact, the tourism industry in Horry County has increased recently. However, this increase has not resulted in the creation of additional jobs. While tourism is a significant portion of the local economy, there is a need to diversify the economic base.

## Appendix C: Tables of Performance Data

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### Content of Standardized 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 loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - 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 market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.

- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses 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) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business 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 7. Geographic Distribution of Small Loans to Farms** - 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 market share information based on the most recent aggregate market data available. Because 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 8. Borrower Distribution of Home Purchase Loans** - 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 MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business.

Market share information is presented based on the most recent aggregate market data available.

**Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table 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 within each geography. For borrower distribution, the table 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 of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in

low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

**Table 1. Lending Volume**

LENDING VOLUME 2010		Geography: CONWAY NATIONAL BANK						Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31,				
Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Myrtle Beach Conway Asse Area	95.32	1,239	143,389	5,045	308,834	70	3,987	0	0	6,354	456,210	93.03
<b>Limited Review:</b>												
Georgetown County	4.68	111	26,213	201	20,224	0	0	0	0	312	46,437	6.97

\* Loan Data as of December 31, 2010. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2010 to December 31, 2010.

\*\*\* Deposit Data as of August 12, 2011. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE DECEMBER 31, 2010			Geography: CONWAY NATIONAL BANK						Evaluation Period: JANUARY 1, 2008 TO						
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Myrtle Beach Conway Assessment Area	291	92.38	0.00	0.00	9.72	9.97	72.14	76.29	18.13	13.75	2.15	0.00	4.15	2.17	1.53
<b>Limited Review:</b>															
Georgetown County	24	7.62	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	2.24	0.00	0.00	0.00	2.24

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT DECEMBER 31, 2010		Geography: CONWAY NATIONAL BANK								Evaluation Period: JANUARY 1, 2008 TO					
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Myrtle Beach Conway Assessment Area	142	94.04	0.00	0.00	9.72	10.56	72.14	66.20	18.13	23.24	17.66	0.00	12.50	15.54	30.00
<b>Limited Review:</b>															
Georgetown County	9	5.96	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	11.90	0.00	0.00	0.00	11.90

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2010		Geography: CONWAY NATIONAL BANK								Evaluation Period: JANUARY 1, 2008 TO					
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Myrtle Beach Conway Assessment Area	800	91.12	0.00	0.00	9.72	8.13	72.14	74.13	18.13	17.75	4.35	0.00	6.84	4.18	4.40
<b>Limited Review:</b>															
Georgetown County	78	8.88	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	2.52	0.00	0.00	0.00	2.52

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY DECEMBER 31, 2010		Geography: CONWAY NATIONAL BANK								Evaluation Period: JANUARY 1, 2008 TO					
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Myrtle Beach Conway Assessment Area	6	100.00	0.00	0.00	6.30	16.67	46.59	66.67	47.11	16.67	8.70	0.00	100.00	5.88	0.00
<b>Limited Review:</b>															
Georgetown County	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2010				Geography: CONWAY NATIONAL BANK						Evaluation Period: JANUARY 1, 2008 TO					
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Myrtle Beach Conway Assessment Area	5,045	96.17	0.00	0.00	15.56	11.56	62.51	72.15	21.92	16.29	17.73	0.00	16.26	20.30	12.19
<b>Limited Review:</b>															
Georgetown County	201	3.83	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	3.44	0.00	2.27	1.65	4.03

\* Based on 2009 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2010).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2010			Geography: CONWAY NATIONAL BANK								Evaluation Period: JANUARY 1, 2008 TO				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Myrtle Beach Conway Assessment Area	70	100.00	0.00	0.00	13.38	2.86	75.81	97.14	10.81	0.00	15.15	0.00	0.00	21.13	0.00
<b>Limited Review:</b>															
Georgetown County	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2009 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2010).

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE DECEMBER 31, 2010		Geography: CONWAY NATIONAL BANK								Evaluation Period: JANUARY 1, 2008 TO					
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>1</sup>	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Myrtle Beach Conway Assessment Area	291	92.38	18.14	9.20	19.53	16.09	22.91	18.01	39.42	56.70	2.15	4.95	3.35	1.81	1.75
<b>Limited Review:</b>															
Georgetown County	24	7.62	9.92	5.00	12.64	20.00	16.92	10.00	60.51	65.00	2.42	20.00	8.00	1.92	1.72

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 10.8% of loans originated and purchased by bank.

<sup>1</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT DECEMBER 31, 2010		Geography: CONWAY NATIONAL BANK										Evaluation Period: JANUARY 1, 2008 TO				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share					
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>2</sup>	% BANK Loans****	% Families** *	% BANK Loans****	% Families** *	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Myrtle Beach Conway Assessment Area	142	94.04	18.14	10.22	19.53	18.98	22.91	27.74	39.42	43.07	17.96	30.00	19.35	14.00	17.61	
<b>Limited Review:</b>																
Georgetown County	9	5.96	9.92	0.00	12.64	28.57	16.92	0.00	60.51	71.43	10.81	0.00	66.67	0.00	7.69	

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 4.6% of loans originated and purchased by bank.

<sup>2</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2010		Geography: CONWAY NATIONAL BANK								Evaluation Period: JANUARY 1, 2008 TO					
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>				
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>3</sup>	% BANK Loans <sup>****</sup>	% Families <sup>*</sup> **	% BANK Loans <sup>****</sup>	% Families <sup>*</sup> **	% BANK Loans <sup>***</sup> *	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Myrtle Beach Conway Assessment Area	800	91.12	18.14	9.48	19.53	15.45	22.91	24.34	39.42	50.73	4.26	7.64	4.68	4.53	3.73
<b>Limited Review:</b>															
Georgetown County	78	8.88	9.92	3.33	12.64	3.33	16.92	6.67	60.51	86.67	2.13	11.11	2.02	0.87	2.24

<sup>\*</sup> Based on 2009 Peer Mortgage Data (USPR)

<sup>\*\*</sup> Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 15.0% of loans originated and purchased by bank.

<sup>3</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2010		Geography: CONWAY NATIONAL BANK			Evaluation Period: JANUARY 1, 2008 TO				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Myrtle Beach Conway Assessment Area	5,045	96.17	77.48	99.86	83.55	11.10	5.35	17.73	51.07
<b>Limited Review:</b>									
Georgetown County	201	3.83	81.57	100.00	73.13	15.42	11.44	3.44	9.46

\* Based on 2009 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2010).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2010			Geography: CONWAY NATIONAL BANK				Evaluation Period: JANUARY 1, 2008 TO		
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Myrtle Beach Conway Assessment Area	70	100.00	97.77	100.00	87.14	8.57	4.29	15.15	17.05
<b>Limited Review:</b>									
Georgetown County	0	0.00	97.62	0.00	0.00	0.00	0.00	0.00	0.00

<sup>\*</sup> Based on 2009 Peer Small Business Data -- US and PR

<sup>\*\*</sup> Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

<sup>\*\*\*</sup> Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2010).

<sup>\*\*\*\*</sup> Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS DECEMBER 31, 2010		Geography: CONWAY NATIONAL BANK				Evaluation Period: JANUARY 1, 2008 TO			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Myrtle Beach Conway Assessment Area	0	0	22	791	22	791	68.71	0	0
<b>Limited Review:</b>									
Georgetown County	0	0	5	104	5	104	10.605	0	0
<b>Regional Investment</b>			1	256	1	256	22.24	0	0

\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS JANUARY 1, 2008 TO DECEMBER 31, 2010								Geography: CONWAY NATIONAL BANK						Evaluation Period:			
MA/Assessment Area:	Deposit s	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposit s in AA	# of BANK Branch es	% of Rated Area Branch es in AA	Location of Branches by Income of Geographies (%)				# of Branch Openin gs	# of Branch Closing s	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Myrtle Beach Conway Assessment Area	93.03	12	85.71	0.00	25.00	50.00	25.00	0	1	0	- 1	0	0	0.00	12.74	70.33	16.93
<b>Limited Review:</b>																	
Georgetown County	6.97	2	14.29	0.00	0.00	0.00	100.0 0	0	0	0	0	0	0	0.00	0.00	0.00	100.0 0