



PUBLIC DISCLOSURE

November 27, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Conway National Bank

Charter Number 10536

1400 Third Avenue
Conway, SC 29526

Office of the Comptroller of the Currency

212 South Tryon St., Suite 700
Charlotte, NC 28281

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Table of Contents

OVERALL CRA RATING 1

DEFINITIONS AND COMMON ABBREVIATIONS 2

DESCRIPTION OF INSTITUTION 6

SCOPE OF THE EVALUATION..... 7

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW 8

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS..... 9

 LENDING TEST 9

 INVESTMENT TEST..... 13

 SERVICE TEST 14

APPENDIX A: SCOPE OF EXAMINATION..... A-1

APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS B-1

APPENDIX C: TABLES OF PERFORMANCE DATA C-1

Overall CRA Rating

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

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

Performance Levels	Conway National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
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:

- Lending levels reflect excellent responsiveness to assessment area (AA) credit needs.
- A substantial majority of loans are made in the bank’s AAs.
- The geographic distribution of loans reflects excellent penetration throughout the AA.
- The distribution of borrowers reflects excellent penetration among retail customers of different income levels and business customers of different sizes.
- The level of community development loans is adequate in relationship to the bank’s resources.
- The level of qualified investments is excellent in relationship to the bank’s resources.
- Qualified investment exhibited excellent responsiveness to the community development needs within the AA.
- Retail bank delivery systems are readily accessible to all portions of the bank’s AA.
- Banking services and business hours do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies and/or individuals.
- Bank personnel provide a relatively high level of community development services.

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 chartered in 1914 and is headquartered in Conway, South Carolina. CNB has no subsidiaries and is wholly owned by CNB Corporation Inc., a one-bank holding company, also headquartered in Conway. CNB operates thirteen branch offices and twelve automated teller machines (ATMs) in the Horry County AA. The bank operates two branch offices and two ATMs in the Georgetown AA.

As of December 31, 2016, CNB had total assets of \$1.1 billion, tier 1 capital of \$103.7 million, and total deposits of \$898.7 million. Total net outstanding loans equaled \$459.1 million and represented about 41.7 percent of total assets. Commercial real estate loans, commercial and industrial loans, and construction and land development loans represent 51.34 percent of total loans, residential real estate loans represent 39.17 percent of total loans, consumer loans represent 6.56 percent of total loans, and farm loans represent 2.93 percent of total loans.

CNB operates primarily as a commercial lender offering various types of loans to small businesses and small farms. The bank offers business loans for the purchase and refinancing of commercial real estate, working capital, lines of credit, purchase of equipment, and agricultural purposes. In addition, the bank offers home mortgage loans for the home purchase, home improvement, and home refinance purposes. All home mortgage loans are originated and maintained in the bank's portfolio. Unsecured personal loans, home equity lines of credit, and automobile loans are also offered. CNB offers a wide range of personal and business deposit products and banking services.

According to June 30, 2016 Federal Insurance Deposit Corporation (FDIC) deposit data, CNB ranked 2nd in total deposits with 13.93 percent market share among 21 depository institutions doing business in Horry County. The top depository institutions are Branch Banking and Trust Company (BB&T) operating 15 offices, Wells Fargo Bank N.A. operating nine offices, and Bank of America N.A. operating seven offices. These depository institutions have market shares of 14.48 percent, 10.90 percent, and 8.37 percent, respectively.

CNB's presence within the Georgetown County AA is limited. According to June 30, 2016 FDIC deposit data, CNB ranked 9th out of 13 depository institutions in Georgetown County with a market share of 4.51 percent. The top three depository institutions include Wells Fargo, South State Bank, and TD Bank N.A. with market shares of 15.28 percent, 15.28 percent, and 14.76 percent, respectively.

There were no legal, financial, or other factors that would impede the bank's ability to help meet the credit needs in its AAs. CNB's CRA performance was rated "Outstanding" in the last public evaluation dated December 8, 2014.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation (PE) assesses the bank's performance under the Lending, Investment, and Service Tests. The evaluation period for the Lending Test is January 1, 2014 through December 31, 2016. For the Investment Test and the Service Test, the evaluation period is January 1, 2015 through December 31, 2016.

In evaluating the bank's lending performance, we reviewed home mortgage loans reported under the Home Mortgage Disclosure Act (HMDA) for calendar years 2014, 2015, and 2016. We also used data from small business and small farm loans (CRA) originated during 2014, 2015, and 2016. Additionally, CNB originated only ten multifamily residential mortgage loans during the evaluation period. This number is not sufficient to conduct a meaningful analysis. Therefore, multifamily loans were not considered in evaluating the bank's performance under the Lending Test.

Data Integrity

Prior to this evaluation, we selected and tested samples of HMDA and small business and small farm loan data to determine the accuracy and reliability of the data for use in this CRA evaluation. All HMDA loan data, and CRA loan data for calendar years 2014, 2015 and 2016 was determined to be accurate and reliable for use in evaluating the bank's performance under the Lending Test.

Selection of Areas for Full-Scope Review

We selected the Horry County AA for a full-scope review. Horry County is part of the Myrtle Beach-Conway-North Myrtle Beach SC-NC MSA 34820. Approximately 92.82 percent and 7.18 percent of the bank's total deposits are in the Horry County AA and Georgetown County, respectively. Of the total loans originated during the evaluation period, 93.36 percent is in Horry County AA and 6.64 percent is in the Georgetown County AA.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. Performance related to small business lending is weighted more heavily than performance related to home mortgage lending. Small farm lending received the least weight among the three primary categories. Among home mortgage loans, performance is weighted based on the volume of originations during the evaluation period, with home refinance lending receiving the most weight and home improvement lending receiving the least weight.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated Outstanding. Based on full-scope reviews, the bank's performance in the Horry County AA is excellent.

Lending Activity

Refer to Table 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 Horry County AA. Relative to deposit market share and rank, the bank's HMDA and CRA lending levels were excellent. As of June 30, 2016, CNB had a 13.93 percent deposit market share and ranked 2nd of out of 21 depository institutions in Horry County. During the evaluation period, the bank originated 1,041 home mortgage loans totaling \$104.6 million; 2,450 small loans to businesses totaling \$199.2 million; and 192 small loans to farms totaling \$11.4 million. Of the total home mortgage loans, excluding multifamily loans, home purchase loans represent 27.79 percent, home improvement loans 25.56 percent, and home refinance 46.65 percent of total loan originations.

Based on 2016 peer mortgage data, CNB ranked eighth out of 438 HMDA reporters in the overall volume of HMDA lending with a market share of 2.87 percent. In terms of individual HMDA products, CNB is the 31st largest originator of home purchase loans with a 0.85 percent market share, the 5th largest originator of home refinance loans with a 3.86 percent market share, and the largest originator of home improvement loans with a 22.16 percent market share.

Based on 2015 peer CRA data, CNB ranked second among 62 CRA reporters with a 13.15 percent market share in loans to businesses. CNB ranked first among 13 CRA reporters with a 57.99 percent market share in loans to farms.

Distribution of Loans by Income Level of the Geography

The overall distribution of loans by income level of the geography reflects excellent penetration throughout the AA. The geographic distribution of home mortgage loans is excellent. The geographic distribution of small loans to businesses is good. The geographic distribution of small loans to farms is also good. There were no unexplained conspicuous gaps in the bank's lending patterns throughout its AA.

In evaluating the geographic distribution of home mortgage loans, we considered the limited number of owner-occupied housing units (0.73 percent) in low-income geographies and the strong level of competition from other lenders. In evaluating the geographic distribution of small loans to businesses and farms, we considered the limited number of businesses (6.12 percent) and farms (0.91 percent) operating in low-income geographies.

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Home Purchase Loans

The geographic distribution of home purchase loans in the Horry County AA is excellent. The bank's percentage of home purchase loans in low-income geographies exceeds the percentage of owner-occupied units in low-income geographies. The bank's percentage of home purchase loans in moderate-income geographies is near to the percentage of owner-occupied units in moderate-income geographies. The bank's market share of home purchase loans in low-income census tracts exceeds their overall market share of home purchase loans in the AA. The bank's market share of home purchase loans in moderate-income geographies exceeds their overall market share of home purchase loans in the AA.

Home Improvement Loans

The geographic distribution of home improvement loans in the Horry County AA is excellent. The bank's percentage of home improvement loans in low-income geographies exceeds the percentage of owner-occupied units in low-income geographies. The bank's percentage of home improvement loans in moderate-income geographies exceeds the percentage of owner-occupied units in moderate-income geographies. The bank's market share of home improvement loans in low-income geographies exceeds their overall market share of home improvement loans in the AA. The bank's market share of home improvement loans in moderate-income geographies is near to their overall market share of home improvement loans in the AA.

Home Refinance Loans

The geographic distribution of home refinance loans in the Horry County AA is excellent. The bank's percentage of home refinance loans in low-income geographies exceeds the percentage of owner-occupied units in low-income geographies. The bank's percentage of home refinance loans in moderate-income geographies is near to the percentage of owner-occupied units in the moderate-income geographies. The bank's market share of home refinance loans in low-income geographies exceeds their overall market share of home refinance loans in the AA. The bank's market share of home refinance loans in moderate-income geographies exceeds their overall market share of home refinance loans in the AA.

Small Loans to Businesses

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is good. The percentage of small loans to businesses in low-income geographies is somewhat lower than the percentage of businesses located in low-income geographies. The bank's lending opportunities in low-income census may be impacted by the fact that only six percent of the total businesses are located in low-income geographies. The percentage of small loans to businesses in moderate-income geographies is equal to the percentage of businesses located in moderate-income geographies. The bank's market share of loans to businesses in low-income geographies is lower than their overall market share. The bank's market share of loans to businesses in moderate-income geographies exceeds 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.

The geographic distribution of small loans to farms is adequate. The percentage of small loans to farms in low-income geographies exceeds the percentage of farms located in low-income geographies. The percentage of small loans to farms in moderate-income geographies is lower than the percentage of farms located in moderate-income geographies. The bank's market share of loans to farms in low-income geographies exceeds the percentage of farms located in low-income geographies. The bank's percentage of small farm loans in moderate-income geographies is lower than their overall market share.

Lending Gap Analysis

We evaluated the lending distribution in the Horry County AA to determine if any unexplained conspicuous gaps existed. We used 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 had a neutral impact on our conclusion regarding the bank's geographic distribution of loans.

Inside/Outside Ratio

A substantial majority of loans made during the evaluation period were in the AA. Overall, 95.56 percent of home mortgage loans, 96.09 percent of small loans to businesses, and 96.50 percent of farm loans originated are inside the bank's AA. This analysis was performed on the entire bank rather than by AA. This performance 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 income level of the borrower in the Horry County AA reflects excellent penetration among retail customers of different income levels and business customers of different sizes. The distribution of home mortgage loans by borrower income level is good. The distribution of loans to small businesses (businesses with less than \$1 million in gross annual revenue) is excellent. A majority of small loans to businesses were for amounts less than \$100 thousand. The distribution of loans to small farms (farms with less than \$1 million in gross annual revenue) is good. A majority of small loans to businesses and farms were for amounts less than \$100 thousand. In evaluating the borrower distribution of home mortgage loans, we considered the number of families below the poverty level and the barrier this may impose to home ownership. Based upon on U.S. Census data, 11.61 percent of families in the AA are below poverty. This factor may impact the bank's ability to originate home mortgage loans in the AA. We also considered the impact of competition from numerous lenders originating home mortgage loans in Horry County. The top home mortgage lenders in the AA include two super regional bank offering and one mortgage company which offer numerous loan products including loan products sold on the secondary market.

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 by income level of the borrower in the AA is good. Considering family poverty rates discussed above, the bank's percentage of home purchase loans to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. The bank's percentage of home purchase loans to moderate-income borrowers is near to the percentage of

moderate-income families in the AA. The bank's market share of loans to low-income borrowers exceeds their overall market share of loans. The bank's market share of loans to moderate-income borrowers is near to their overall market share of loans.

Home Improvement Loans

The distribution of home improvement loans by income level of the borrower in the AA is excellent. The bank's percentage of home improvement loans to low-income borrowers is near to the percentage of low-income families in the AA. The bank's percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. The bank's market share of loans to low-income borrowers exceeds their overall market share of loans. The bank's market share of loans to moderate-income borrowers exceeds their overall market share of loans.

Home Refinance Loans

The distribution of home refinance loans by income level of the borrower in the AA is good. Considering family poverty rates discussed above, the bank's percentage of home refinance loans to low-income borrowers is somewhat lower than the percentage of low-income borrowers in the AA. The bank's percentage of home refinance loans to moderate-income borrowers is near to the percentage of moderate-income borrowers in the AA. The bank's market share of loans to low-income borrowers exceeds the bank's overall market share of loans. The bank's market share of loans to moderate-income borrowers is near to their overall market share of loans.

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.

The distribution of small loans to businesses in the AA is excellent. The bank's percentage of loans to small businesses (businesses with gross annual revenues of \$1 million or less) exceeds the percentage of small businesses in the AA. A majority of the bank's small loans to businesses were for amounts less than \$100 thousand. The bank's market share of loans to small businesses exceeds their overall market share of loans to businesses.

Small Loans to Farms

Refer to Table 12 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.

The distribution of small loans to farms in the AA is excellent. The bank's percentage of loans to small farms (farms with gross annual revenues of \$1 million or less) exceeds the percentage of small farms in the AA. A majority of the bank's small loans to farms were for amounts less than \$100 thousand. The bank's market share of loans to small farms exceeds their overall market share.

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.

The bank made an adequate level of community development loans in response to community development needs in the AA. CNB made three community development loans totaling \$150,000. Two loans provided financing to a local nonprofit organization making home improvements for low-income homeowners. The other loan provided financing for public transportation services targeting primarily low- and moderate-income individuals in the AA.

Product Innovation and Flexibility

The bank uses flexible lending practices to serve AA credit needs. CNB has no minimum loan amount for consumer, mortgage, or small business loans. In addition, the bank utilizes flexible underwriting criteria including applicant's history of making utility and rental payments. The bank participated in SC Help, the Hardest Hit Fund Program for the state of South Carolina. Under this federal program, qualified borrowers receive assistance to get caught up on past due mortgage loan payments. During the review period, six CNB borrowers each received \$35,000 through this program. The bank's product innovation and flexibility had a positive impact on the bank's lending performance in the full-scope area.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Georgetown County AA is weaker than the bank's overall performance in the full-scope area. Refer to Tables 1 through 13 in Appendix C for the facts and data that support these conclusions. There are no low-income or moderate-income geographies in the Georgetown AA. Therefore, no geographic distribution analysis was conducted. The borrower income distribution is good. CNB made no community development loans in the Georgetown AA. This had a neutral impact on the bank's overall Lending Test rating.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated Outstanding. The full-scope review of the performance in Horry County AA is excellent. Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Based upon the full-scope review, the bank's performance in Horry County AA is excellent. The level of qualified investments is excellent in relationship to the bank's resources. The bank's current period investments combined with prior period investments totaled \$2.57 million, representing approximately 2.49 percent of the bank's total tier 1 capital.

CNB's level of qualified investments demonstrates excellent responsiveness to the community development needs within the AA. During the current evaluation period, CNB made \$72 thousand in small dollar grants, in-kind donations of equipment and supplies to 26 community development organizations benefiting low- and moderate-income individuals. This total included \$19 thousand to several organizations providing medical care for low- and moderate-income individuals. CNB also provided \$11 thousand toward financial literacy training in 17 schools serving primarily low- and moderate-income students. The bank's prior period qualified investments total \$2.5 million. One investment consists of a \$100 thousand investment targeted toward affordable housing in the bank's AA. The other investment is a tax increment financing bond issued by the City of Conway for the rehabilitation of dilapidated structures and substandard housing.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope review, the bank's performance under the Investment Test in the Georgetown County AA is weaker than the bank's overall performance. CNB made a limited number of financial contributions and had no qualifying investments within the AA. CNB made contributions totaling \$3 thousand to three community development organizations. The bank's qualified investments in the AA had a neutral impact on the bank's overall rating under the Investment Test. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

SERVICE TEST

The bank's performance under the Service Test is rated excellent. Based on full-scope reviews, the bank's performance in the Horry County AA is excellent.

Conclusions for Areas Receiving Full-Scope Reviews

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.

Retail Banking Services

Services delivery systems are readily accessible to all portions of the bank's AA. CNB has 13 full service branch offices in the AA. One branch office is located in a low-income census tract and three branch offices are located in moderate-income census tracts. This distribution exceeds the percentage of the population living in low- and moderate-income geographies. In October 2016, CNB opened one new branch office in a middle-income census tract. The bank did not close any branch offices during the evaluation period.

Services do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies and/or individuals. Business hours are standard in all branch offices. Services targeted toward low-income and moderate-income consumers and geographies include free check cashing of government issued checks and for employees of companies that are depository customers of CNB. In addition, the bank offers customers ATM benefit card accounts to receive social security direct deposits. This account has no minimum balance to open and helps low- and moderate-income individuals who are unable to open traditional checking accounts receive their social security benefits electronically. CNB also continues to accept and process local electric and water utility payments at no cost to consumers. According to the bank's internal records, the bank processed approximately 218,000 payments during the review period.

Community Development Services

CNB provides a high level of community development services in the AA. The bank's community development services are responsive to community development needs. Approximately 61 bank personnel provide leadership and banking expertise to approximately 50 community development organizations. These organizations provide a wide range of social and educational services targeted toward low- and moderate-income individuals. These services include medical services and basic needs such as meals and shelter. Additionally, bank personnel provide financial literacy training to both low- and moderate-income students and adults. During the evaluation period, approximately 30 bank personnel provided financial literacy training for 17 schools serving primarily low- and moderate-income students.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Service Test in the Georgetown County AA is weaker than the bank's overall performance. During our evaluation, one bank employee provided financial literacy training to a school serving predominately low- and moderate-income students. This had a neutral impact on the bank's overall performance under the 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”).

Time Period Reviewed	Lending Test (includes CD Loans): 1/1/2014 to 12/31/2016 Investment and Service Tests: 1/1/2015 to 12/31/2016	
Financial Institution	Products Reviewed	
The Conway National Bank, Conway SC	Home Mortgage Loans, Small Business Loans, and Community Development Loans Retail Community Development Services Qualified Investments	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Horry County	Full-Scope	Horry County in its entirety
Georgetown County	Limited-Scope	Portion of Georgetown County

Appendix B: Market Profiles for Full-Scope Areas

Horry County AA

Demographic Information for Full-Scope Area: Horry County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	72	2.78	15.28	61.11	18.06	2.78
Population by Geography	269,291	2.37	16.50	62.39	18.72	0.02
Owner-Occupied Housing by Geography	79,600	0.73	14.90	63.43	20.94	0.00
Business by Geography	17,530	6.12	13.99	58.44	20.86	0.59
Farms by Geography	551	0.91	16.70	66.79	15.43	0.18
Family Distribution by Income Level	73,100	21.12	17.40	21.85	39.63	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	28,160	3.71	25.01	59.65	11.63	0.00
Median Family Income	52,253	Median Housing Value				195,015
FFIEC Adjusted Median Family Income for 2016	53,000	Unemployment Rate				
Families Below Poverty Level	16.11%	• December 2016 U.S. Bureau of Labor Statistics				5.1%

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

Source: 2010 U.S. Census and 2016 FFIEC updated MFI

The Horry County AA is comprised entirely of Horry County, which is part of the Myrtle Beach-Conway –North Myrtle Beach SC-NC MSA 34820. 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.

As of June 30, 2016, CBN had a 13.93 percent deposit share and ranked 2nd of 21 depository institutions operating in Horry County. The bank's major competitors in terms of deposits are Branch Banking and Trust Company (BB&T), Wells Fargo Bank, N.A, and Bank of America. BB&T has 15 offices and ranked 1st with a 14.48 market share. Wells Fargo operates nine offices and ranks third with 10.90 percent. Bank of America N.A ranks operates seven offices and ranks 3rd with 8.37 percent market share.

CNB faces significant competition for home mortgage loans. The top three home mortgage lenders were BB&T, Wells Fargo, and Quicken loans. These lenders had market shares of 7.40 percent, 6.48 percent, and 6.28 percent, respectively. In terms of competition among home purchase loans, the top three lenders were Wells Fargo, BB&T, and Guild Mortgage, with market shares of 9.33 percent, 6.85 percent, and 5.90 percent, respectively. The top three lenders for home refinance mortgage loans were Quicken Loans, Wells Fargo, and BB&T. These lenders had market shares of 12.24 percent, 9.23 percent, and 5.30 percent, respectively. The top three lenders for home improvement loans were CNB, BB&T, and Wells Fargo. These lenders had market shares of 22.16 percent, 14.51 percent, and 9.80 percent, respectively.

There are numerous lenders originating small business loans in the AA. These top lenders include American Express, FSB, Capital One Bank, and which ranks first with a 23.56 market share and Capital One Bank N.A ranked 3rd with a market share of 8.08 percent.

According to the U.S Bureau of Labor and Statistics (BLS), the annual unemployment rate for Horry County was 5.1 percent in December 2016. This rate is above state of South Carolina unemployment rate of 4.2 percent.

According to information in the September 2017 Comprehensive Economic Development Strategy for the Waccamaw Region, prepared by the Waccamaw Regional Council of Governments, top employers in Horry County include municipal governments and education facilities. The Horry County School District, the Horry Government, and Coastal Carolina University are major employers. Other top private employers include Food Lion LLC, Hilton Grand Vacations Company LLC, Conway Hospital Inc., and Lowes Home Centers Inc.

The 2016-2020 Consolidated Plan for Horry County identified a number of community development needs. These needs include homelessness, rehabilitation of owner occupied housing for low-income, disabled, and elderly households, lack of affordable rental housing, and lack of access to public transportation. In addition, heirs' property resolution is a barrier to home ownership. In many areas, low-income households inherit property owned by family members without probating the estate of the deceased. As a result, many properties are deeded to multiple heirs which makes it difficult and costly to obtain clear title to properties.

During our examination, we contacted a small business development organization in Horry County. This contact indicated that the Horry County the economy is "booming" and a lot of individuals are interested in starting their own businesses. While many desire to start their own businesses, many individuals lack the necessary funding and skills to start their own businesses. Consequently, the contact stated that is a need for personal financial education and micro-sized loans (loan amounts between \$5,000 and \$50,000)

Additionally, we reviewed another community contact made during the evaluation period. This private nonprofit organization involved in economic development in Horry County noted that local economic conditions are improving as unemployment rates are decreasing and new industries are entering Horry County. Much of the growth is within the hospitality industry, and residential construction. However, job creation in the area of advanced manufacturing, technology and health care related businesses will help provide economic diversity.

Appendix C: Tables of Performance Data

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.

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 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												
Geography: SOUTH CAROLINA						Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016						
Assessment Area (2016):	% 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)	
Full Review:												
Horry County AA	93.57	1,041	104,676	2,450	199,157	192	11,426	3	150	3,683	315,409	92.31
Limited Review:												
Georgetown AA	6.43	74	13,005	178	13,636	1	50	0	0	253	26,691	7.69

* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2014 to December 31, 2016.

*** Deposit Data as of June 30, 2017. 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		Geography: SOUTH CAROLINA					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share (%) by Geography [*]				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total ^{**}	% Owner Occ Units ^{***}	% BANK Loans ^{****}	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans						
Full Review:																
Horry County	286	93.46	0.73	3.50	14.90	11.89	63.43	65.38	20.94	19.23	0.80	2.33	0.95	0.86	0.51	
Limited Review:																
Georgetown AA	20	6.54	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	0.40	0.00	0.00	0.00	0.40	

^{*} Based on 2016 Peer Mortgage Data -- US and PR

^{**} 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 2010 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			Geography: SOUTH CAROLINA						Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016						
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
Full Review:															
Horry County	263	94.95	0.73	1.52	14.90	15.59	63.43	63.50	20.94	19.39	22.42	66.67	20.73	21.62	25.58
Limited Review:															
Georgetown AA	14	5.05	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	9.09	0.00	0.00	0.00	9.09

* Based on 2016 Peer Mortgage Data -- US and PR

** 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 2010 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															Geography: SOUTH CAROLINA					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
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									
Full Review:																								
Horry County	480	92.31	0.73	0.83	14.90	14.79	63.43	70.00	20.94	14.37	3.87	12.50	4.80	4.32	2.30									
Limited Review:																								
Georgetown AA	40	7.69	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	2.12	0.00	0.00	0.00	2.12									

^{*} Based on 2016 Peer Mortgage Data -- US and PR

^{**} 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 2010 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		Geography: SOUTH CAROLINA						Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016								
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	% MF Units***	% BANK Loans	Overa ll	Low	Mod	Mid
Full Review:																
Horry County	10	100.00	3.20	10.00	6.33	10.00	62.32	50.00	28.15	30.00	17.24	0.00	33.33	6.25	33.33	3
Limited Review:																
Georgetown AA	0	0.00	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 2016 Peer Mortgage Data -- US and PR

** 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 2010 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															
Geography: SOUTH CAROLINA															
Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016															
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
Full Review:															
Horry County	2,450	93.23	6.12	4.16	13.99	13.96	58.44	68.53	20.86	13.35	13.15	8.47	16.02	15.23	8.66
Limited Review:															
Georgetown AA	178	6.77	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	7.65	0.00	2.88	0.83	9.62

* Based on 2015 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 (2016).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS															Geography: SOUTH CAROLINA					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
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									
Full Review:																								
Horry County	192	99.48	0.91	2.08	16.70	6.25	66.79	85.42	15.43	6.25	57.99	66.67	14.29	66.67	71.43									
Limited Review:																								
Georgetown AA	1	0.52	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	6.25	0.00	0.00	0.00	16.67									

* Based on 2015 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 (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: SOUTH CAROLINA						Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016							
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 ¹	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overa ll	Low	Mod	Mid	Upp
Full Review:															
Horry County	288	93.51	21.12	9.56	17.40	15.14	21.85	21.51	39.63	53.78	0.71	1.13	0.66	0.56	0.75
Limited Review:															
Georgetown AA	20	6.49	8.13	0.00	12.24	15.79	13.55	10.53	66.08	73.68	0.29	0.00	0.00	0.00	0.33

* Based on 2016 Peer Mortgage Data -- US and PR

** 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 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 12.3% of loans originated and purchased by bank.

¹ 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			Geography: SOUTH CAROLINA						Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016						
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 ²	% BANK Loans****	% Families** *	% BANK Loans****	% Families** *	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Horry County	263	94.95	21.12	17.83	17.40	32.95	21.85	18.60	39.63	30.62	22.40	44.19	32.76	17.92	15.04
Limited Review:															
Georgetown AA	14	5.05	8.13	14.29	12.24	21.43	13.55	14.29	66.08	50.00	9.76	0.00	0.00	50.00	5.71

* Based on 2016 Peer Mortgage Data -- US and PR

** 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 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 1.8% of loans originated and purchased by bank.

² 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												Geography: SOUTH CAROLINA				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*									
	#	% of Total**	% Families***	% BANK Loans****	% Families ³	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Overa ll	Low	Mod	Mid	Upp					
Full Review:																				
Horry County	480	92.31	21.12	6.94	17.40	14.35	21.85	20.57	39.63	58.13	4.23	4.71	3.33	4.25	4.40					
Limited Review:																				
Georgetown AA	40	7.69	8.13	3.03	12.24	3.03	13.55	12.12	66.08	81.82	1.64	0.00	7.14	2.63	1.37					

* Based on 2016 Peer Mortgage Data -- US and PR

** 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 Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 13.3% of loans originated and purchased by bank.

³ 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										Geography: SOUTH CAROLINA			Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016						
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										
Full Review:																			
Horry County	2,450	93.23	82.26	85.59	79.43	12.45	8.12	13.15	20.19										
Limited Review:																			
Georgetown AA	178	6.77	85.93	82.58	83.15	10.67	6.18	7.65	11.90										

^{*} Based on 2015 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 - 2016).

^{****} 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									
					Geography: SOUTH CAROLINA			Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016	
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 [*]	
	#	% of Total ^{**}	% of Farms ^{***}	% BANK Loans ^{****}	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
Full Review:									
Horry County	192	99.48	97.64	92.71	82.81	14.58	2.60	57.99	69.35
Limited Review:									
Georgetown AA	1	0.52	97.83	100.00	100.00	0.00	0.00	6.25	12.50

^{*} Based on 2015 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.

^{***} Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2016).

^{****} 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									
				Geography: SOUTH CAROLINA		Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Horry County	2	2,502	107	72	109	2,574	99.88	0	0
Limited Review:									
Georgetown AA	0	0	3	3	3	3	0.12	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				Geography: SOUTH CAROLINA				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016									
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Horry County	92.31	13	86.67	7.69	23.08	61.54	7.69	1	0	0	0	1	0	2.37	16.50	62.39	18.72
Limited Review:																	
Georgetown AA	7.69	2	13.33	0.00	0.00	0.00	100.00	0	0	0	0	0	0	0.00	0.00	0.00	100.00

Distribution of Branch and ATM Delivery System

Distribution of Branch and ATM Delivery System				Geography: SOUTH CAROLINA				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016									
MA/Assessment Area:	Deposits	Branches						ATMs				Population					
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Horry County	92.31	13	86.67	8	23	62	8	12	85.71	1	3	7	1	2.37	16.50	62.39	18.72
Limited Review:																	
Georgetown AA	7.69	2	13.33	0	0	0	100	2	14.29	0	0	0	2	0.00	0.00	0.00	100.00

