



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

October 04, 2007

### Community Reinvestment Act Performance Evaluation

The Conway National Bank  
Charter Number: 10536

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Conway, SC 29526

Office of the Comptroller of the Currency

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*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 **The Conway National Bank (CNB)** with respect to the Lending, Investment, and Service Tests:

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

- CNB’s lending activity is excellent in the Myrtle Beach-Conway-North Myrtle Beach Metropolitan Statistical Area (MSA).
- CNB made a substantial majority of its Home Mortgage Disclosure Act (HMDA) and small loans to businesses inside the Assessment Area (AA).
- CNB’s overall geographic distribution of loans is good.
- CNB’s lending to small businesses is excellent, and their HMDA lending to borrowers of different income levels is good.
- Based on the limited community development (CD) investment opportunities in the bank’s AAs, the level of CD investments is good.
- CNB’s delivery systems are reasonably accessible to geographies and individuals of different income levels throughout the full-scope AA. Given the available CD opportunities, the bank’s level of CD services is good. The high level of CD services had a positive impact on the Service Test rating.

## 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.

**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 more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

CNB is an intrastate bank headquartered in Conway, South Carolina. As of June 30, 2007, CNB had total assets of \$843 million. The bank operates fifteen offices and one stand alone automated teller machine (ATM) in Horry and Georgetown Counties. 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, second mortgage real estate, residential real estate, small business loans, and community development loans. As of June 30, 2007, loans totaled \$555 million and represented 66 percent of total assets. The distribution of the bank's loan portfolio is as follows: commercial and commercial real estate (52 percent), residential real estate (38 percent), consumer (8 percent), and farm (2 percent). As indicated by the loan mix, CNB is primarily a commercial and commercial real estate lender.

CNB's Tier One Capital is \$79 million with a Tier One Capital to risk weighted assets ratio of 14 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 AA. CNB's CRA performance was rated "Outstanding" in the last public evaluation dated January 26, 2004.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance under the Lending, Investment, and Service Tests. In evaluating the bank's lending performance, we reviewed residential mortgage loans subject to filing under HMDA, as well as, small loans to businesses and farms.

With the exception of CD loans, the evaluation period for the Lending Test is January 1, 2003 through June 30, 2007. Tables of Performance Data represent loans originated during the period January 1, 2004 through June 30, 2007. Loans originated during 2003 were reviewed for comparative purposes but are not represented in the Public Evaluation table format. For CD loans, the Investment Test, and the Services Test evaluation period is January 27, 2004 through October 4, 2007.

### Data Integrity

As part of this CRA evaluation, the bank's publicly filed information on HMDA loans and small loans to businesses and farms was tested for accuracy. The test included an evaluation of the bank's processes to ensure that the data was reliable. We found no significant errors in the loan data. This evaluation is based on accurate data. Furthermore, we verified that community development loans, investments, and services submitted by bank management met the regulatory definition for community development.

### Selection of Areas for Full-Scope Review

The Myrtle Beach-Conway-North Myrtle Beach MSA, which is Horry County, was selected for a full-scope review as it comprises a substantial share of CNB's branches and business. During our evaluation, we found that 95% of deposits and 90% of 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 received a full scope review. When determining the conclusions for the Lending Test, the distribution of loans by borrower income level received more weight than the distribution of loans by geography. There were no low-income census tracts and only 16 percent of the census tracts are moderate-income. Therefore, the distribution of loans by geography carries less weight in rating the Lending Test. In terms of loan products, small loans to businesses received the vast majority of the weight. CNB's lending focus is centered on small loans to businesses. During this evaluation period, 83 percent of the bank's CRA related loans were small loans to businesses. As a result, the conclusions for the Lending Test were primarily based on the bank's loan activity to small businesses.

## Other

During this examination, we made one community contact that provides funding for affordable housing, housing rehabilitation, downtown revitalization, and water and sewer projects. This contact's service area includes Horry and Georgetown Counties. Credit needs identified were affordable housing and credit counseling. Another perceived credit need is small business lending.

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

We found no evidence of illegal discrimination or other illegal credit practices.

## 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 Table 1 Lending Volume Appendix C for the facts and data used to evaluate the bank's lending activity.

The bank exhibited excellent responsiveness to credit needs in the AA when considering the number and amount of home mortgage, small business, and small farm loans originated in the AA. As of June 30, 2006 the bank ranked third with approximately 12 percent market share of deposits among 21 financial institutions in the AA.

The bank has an excellent record of serving the credit needs of highly economically disadvantaged areas in its AA, low-income individuals, or businesses (including farms) with gross annual revenues of \$1 million or less, consistent with safe and sound operations.

Relative to deposit market share and rank, the bank's HMDA lending levels were good. The bank ranked eleventh among 25 HMDA reporters with a 0.82 percent overall market share of home purchase loans, a 5.87 percent market share of home improvement loans, and a 1.40 percent market share of refinance loans. CNB's multi-family mortgage lending is insignificant; therefore, an analysis of the lending performance for this product would not be meaningful. The bank has a 2.22 percent market share of loans to moderate-income borrowers.

Relative to deposit market share and rank, the bank's CRA lending levels were excellent. The bank ranked first among 20 CRA reporters with a 21.77 percent market share in loans to businesses. The bank ranked first with a 41.22 percent market share of loans to businesses with less than \$1 million gross annual revenues. 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.

We considered the following factors in evaluating the bank's performance in lending in moderate-income geographies. Poverty levels contribute to the lower performance in moderate-income geographies. Of the 10,060 households in moderate-income geographies, 21.06 percent are below the poverty level.

### ***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.

The geographic distribution of home purchase loans in the AA was good. The bank's percent of home purchase loans in moderate-income geographies was near the percent of owner-occupied units in moderate-income geographies. The bank's market share in moderate-income tracts exceeds its overall market share.

The geographic distribution of home improvement *loans* in the AA was good. The bank's percent of home improvement loans in moderate-income geographies was near the percent of owner-occupied units in moderate-income geographies. The bank's market share in moderate-income tracts was below its overall market share.

The geographic distribution of refinance loans in the AA was excellent. The bank's percent of refinance loans in moderate-income geographies was near the percent of owner-occupied units in moderate-income geographies. The bank's market share in moderate-income tracts exceeded its overall market share.

### ***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 was good. The percent of small loans to businesses in moderate-income geographies was below the percent of businesses located in moderate-income geographies. The bank's market share of loans in the moderate-income geographies was near their overall market share of loans. Competition from other financial institutions was strong for small business loans in the AA.

### ***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 2 percent of the bank's lending activity. The data is presented in the table for informational purposes only.

## **Lending Gap Analysis**

We evaluated the lending distribution of CNB's lending activity over the evaluation period to determine if any unexplained conspicuous gaps existed. We reviewed lending reports detailing the volume of HMDA and small loans to businesses in the moderate-income geographies. 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 home mortgage loans and small loans to businesses were originated within its AA area during the evaluation period. Overall, 97 percent of the bank's loan originations were within the assessment area. By loan product, 96 percent of home mortgage loans and 97 percent of small loans to businesses were inside the bank's AAs. 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 number of families that live below the poverty level and the barriers that this may have on home ownership. Approximately 13 percent of the families in the AA live below the poverty level. Based on 2000 census data, 56 percent of the low-income families live below the poverty level which makes it difficult for them to afford and maintain a home. This factor also affects the bank's ability to make home mortgage, home improvement, and refinance loans to these consumers.

## ***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.

The distribution of home purchase loans by income level of the borrower in the AA was good. The bank's percent of home purchase loans to low-income borrowers was below the percent of low-income families in the AA. However, the bank has increased their lending to low-income borrowers since the last evaluation of performance. The bank's percent of home purchase loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. CNB's market share of loans to low- and moderate-income borrowers exceeded their overall market share of loans.

The distribution of home improvement loans by income level of the borrower in the AA was good. The bank's percent of home improvement loans to low-income borrowers was near the percent of low-income families in the AA. However, CNB has increased their lending to low-income borrowers since the last evaluation of performance. The bank's percent of home

improvement loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low-and moderate-income borrowers exceeded their overall market share of loans.

The distribution of refinance loans by income level of the borrower in the AA was good. The bank's percent of refinance loans to low-income borrowers was below the percent of low-income families in the AA. However, the bank has significantly increased their lending to low-income borrowers since the last evaluation of performance. The bank's percent of refinance loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. CNB's market share of loans to low- and moderate-income borrowers exceeded 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 was excellent. The bank's percentage of small loans to small businesses (businesses with annual revenues \$1 million or less) exceeded the percentage of small businesses in the AA. The bank's market share of small loans to small businesses exceeded their overall market share of small loans to all businesses. 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 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 2 percent of the bank's 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.

The bank originated two CD loans totaling \$432,864. One loan to The Waccamaw Regional Transportation Authority helped support job creation for low and moderate income individuals. The other loan supports the creation of affordable housing for moderate income individuals. There are limited opportunities within the bank's assessment area to originate CD loans. The bank's CD loans are not considered innovative. The bank's CD lending had a positive effect on the bank's lending test rating.

## **Product Innovation and Flexibility**

CNB has not used any innovative or flexible loan products during the evaluation period. This had a neutral impact on the Lending Test rating.

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

Based on limited-scope reviews, the bank's performance under the lending test in the Georgetown AA is not inconsistent with the bank's overall ("lending test rating") performance under the Lending Test. Refer to Tables 1-13 in Appendix C for the facts and data that support these conclusions. The bank's performance in the limited-scope areas did not have a significant impact on the 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.

The bank has a significant level of qualified investments in the AA and is occasionally in a leadership position. The bank showed good responsiveness to credit and community development needs. Refer to the Market Profile section for details on needs and opportunities.

During the evaluation period, CNB made \$432 thousand in qualified investments. Of this total, \$351 thousand consists of an investment in a mutual fund as discussed below. This investment is innovative and is responsive to the identified credit need of affordable housing in the AA.

*CRA Investment Fund* - In 2001, CNB made an investment of \$224 thousands and has reinvested \$128 thousand in dividends, which are allocated to the Myrtle Beach-Conway-North Myrtle Beach MSA. This mutual fund was initiated nationwide in June 1999. It is an innovative concept that allows geographical areas with a limited supply of bank CRA-qualified investment opportunities to make investments via the purchase of shares in a CRA-dedicated mutual fund. The Fund identifies qualified investments in the AA, purchases them, and designates them to the bank. The fund gives banks the ability to specifically direct underlying securities that will be located within their AA. The bank's prior period investments have been allocated to five qualifying Ginnie Mae Loans within the AA.

The remaining \$81 thousand consists of qualified grants and donations to 14 community development organizations that provide direct support, services and activities that impact moderate-income geographies and low- and moderate-income individuals in the AA. These investments were not considered innovative in nature but were responsive to identified needs in the community.

The bank exhibited good responsiveness to credit and community development needs. The bank made investments that support needs identified and discussed in the profile found in Appendix C for the Horry County AA.

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

The bank's performance under the investment test in Georgetown County is considered stronger than the bank's overall "High Satisfactory" performance under the investment test. The bank's qualifying investments include \$330 thousand in a CRA Investment Fund and \$2 thousand in qualified grants and donations. The bank exhibited excellent responsiveness to credit and community development needs. Refer to Table 14 for facts and data.

## **SERVICE TEST**

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

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

### **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.

Service delivery systems are reasonably accessible throughout the Myrtle Beach MSA. CNB operates 11 branches, 12 ATMs and 1 express drive-thru location in the AA. The bank offers a full range of services at each branch and accepts deposits at all ATMs. Services and operating hours are homogenous amongst Conway locations. During our evaluation period, CNB opened 1 branch and 1 ATM, both in middle-income tracts. The bank ceased partial operations at the Coastal Centre Express branch; however, drive-thru operations remain at the facility.

The percent of the bank's branches in moderate-income geographies (27 percent) exceeds the percent of the population (13 percent) that resides in these areas. CNB currently operates 3 branches located in moderate-income geographies. These branches are dispersed in two of the seven moderate-income geographies located in the AA. Four of the unoccupied geographies are adjacent to tracts that possess a CNB branch and are adequately serviced. The remaining unoccupied geography, which is located in the northeastern part of the AA, is not a significant source of loans and is scarcely populated by competitors. Refer to the Market Profile section of this document for further information.

The bank's services do not vary in a way that inconveniences its AA, particularly moderate-income geographies and low- and moderate-income individuals. CNB is an active participant in small-denomination lending. The bank classifies this activity as a community service, rather than a formal lending activity. In 2006, CNB originated 591 loans, which collectively totaled approximately 587 thousand dollars. As of August 31, 2007, CNB has made 435 loans, totaling approximately 423 thousand dollars. The loans are offered at reasonable rates, which benefit individuals of lower-income demographics.

### **Community Development Services**

The bank's level of community development services is good. CNB provides a relatively high level of community development services based on the number of employees participating and number of organizations benefiting. Refer to the demographic profile section of the PE for additional information on the available CD opportunities in this AA. The types of services provided are not innovative in nature but responsive to the needs of the community. During this evaluation period, employees worked with 8 organizations pursuing a variety of initiatives targeted to low- and moderate-income individuals and the moderate geographies. These services addressed community development needs such as technical assistance, providing budgeting courses, and credit education as well as affordable housing assistance to low- and moderate- income individuals and moderate-income areas. Financial services provided to the community include the following:

- Functioning as a Board member, President, and Treasurer for several organizations that provided CD services to low- and moderate-income individuals;
- Providing credit counseling and financial literacy education to multiple community organizations targeted to low- and moderate-income individuals; and
- Serving on the Board of Directors or underlying committees for a community small business development center and two local housing authorities.

CNB has taken an active role in developing programs to identify community development needs and providing the services to meet those needs. In addition, employees have demonstrated a commitment to community development by actively participating in several community development qualified 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 the limited-scope review, the bank's performance under the Service Test in Georgetown County is weaker than the bank's overall performance under the Service Test. This level of performance is due to the bank's limited presence in this market and limited CD services within the AA. This does not have a substantial impact on the overall Service Test rating. Refer to Table 15 in Appendix C for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

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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 non-metropolitan 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): 01/01/03 - 06/30/07 Investment and Service Tests and CD Loans: 01/01/03 - 10/04/07	
<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 Georgetown County	Full-Scope  Limited-Scope	Horry County

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

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

Demographic Information for Full-Scope Area: Myrtle Beach, SC MSA # 34820						
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 HUD Adjusted Median Family Income for 2007 Households Below the Poverty Level	= \$43,192 = \$51,300 =11.17%	Median Housing Value = \$107,405 Unemployment Rate = 2.39%				

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census and 2007 HUD updated MFI.

The Conway-Myrtle Beach MSA AA is comprised entirely of Horry County. CNB operates 13 offices and 1 stand alone automated teller machine (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 School District, Burroughs & Chapin Company, and Wal-Mart. The Myrtle Beach Area Chamber of Commerce estimates a steady growth in tourism for the area over the next several years and the average income of all visitors is expected to rise which will help to spur economic development in the area.

Competition in the local area consists of 21 financial institutions including branches of national and regional banks. Coastal Federal Bank and Carolina First Bank are the top two competitors in the AA with 16 percent and 13 percent market shares respectively. CNB is the third largest deposit holder in the AA with approximately 12 percent of the market share. Eleven financial institutions each have a 5 percent or greater market share in terms of deposits in the AA. BB&T is currently fifth in market share for deposits in the AA; however, BB&T acquired Coastal Federal in August of 2007 and expects the change to be completed over the next year.

Based on information received through community contacts, there is a high level of opportunity for participation in community development. The following areas were identified through the community contact as opportunities for community development in assisting the needs of low to moderate income individuals or areas.

- Expansion of affordable housing for low to moderate income persons
- Provide mortgages for individuals completing credit counseling
- Conduct credit counseling for low to moderate income individuals

## 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. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column with the appropriate caption, such as: “Statewide/Regional,” “Statewide/Regional with potential benefit to one or more AAs” or “Out of Assessment Area.” “Out of Assessment Area” is used ONLY if the bank has otherwise adequately met the CD lending needs of its assessment area.
- 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. When such investments exist, insert a line item in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column with the appropriate caption, such as: "Statewide/Regional," "Statewide/Regional with potential benefit to one or more AAs" or "Out of Assessment Area." "Out of the Assessment Area" is used ONLY if the bank has otherwise adequately met the qualified investment needs of its assessment area.

**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: CONWAY NATIONAL BANK						Evaluation Period: JANUARY 01, 2004 TO JUNE 30, 2007				
MA/Assessment Area: (2007)	% 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>												
<b>Myrtle Beach-Conway- North Myrtle Beach MSA</b>	92.93	1,921	160,029	11,295	781,761	406	14,442	1	200	13,623	956,432	94.59
<b>Limited Review:</b>												
Georgetown County	7.07	174	31,405	857	82,755	4	114	1	233	1,036	114,507	5.41%

\* Loan Data as of June 30, 2007. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is January 26, 2004 to October 04, 2007.

\*\*\* Deposit Data as of June 30, 2006. 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: CONWAY NATIONAL BANK						Evaluation Period: JANUARY 1, 2003 TO JUNE 30, 2007							
MA/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	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Myrtle Beach-Conway-North Myrtle Beach MSA	822	92.36	0.00	0.00	9.72	8.88	72.14	77.13	18.13	13.99	0.97	0.00	1.87	1.00	0.63
<b>Limited Review:</b>															
Georgetown County	68	7.64	0.00	0.00	0.00	0.00	0.00	0.00	100.0	100.0	1.51	0.00	0.00	0.00	1.51

\* Based on 2006 Peer Mortgage Data.

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

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

Geographic Distribution: HOME IMPROVEMENT		Geography: CONWAY NATIONAL BANK								Evaluation Period: JANUARY 1, 2003 TO JUNE 30, 2007					
MA/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	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>Myrtle Beach-Conway-North Myrtle Beach MSA</b>	246	91.79	0.00	0.00	9.72	7.72	72.14	72.36	18.13	19.92	11.22	0.00	6.00	11.40	12.50
<b>Limited Review:</b>															
Georgetown County	22	8.21	0.00	0.00	0.00	0.00	0.00	0.00	100.0	100.0	12.73	0.00	0.00	0.00	12.73

\* Based on 2006 Peer Mortgage Data.

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE				Geography: CONWAY NATIONAL BANK				Evaluation Period: JANUARY 1, 2003 TO JUNE 30, 2007							
MA/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	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>Myrtle Beach-Conway-North Myrtle Beach MSA</b>	843	91.04	0.00	0.00	9.72	9.49	72.14	73.67	18.13	16.84	2.26	0.00	4.28	2.28	1.58
<b>Limited Review:</b>															
Georgetown County	83	8.96	0.00	0.00	0.00	0.00	0.00	0.00	100.0	100.0	1.58	0.00	0.00	0.00	1.58

\* Based on 2006 Peer Mortgage Data.

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

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

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

Geographic Distribution: MULTIFAMILY		Geography: CONWAY NATIONAL BANK								Evaluation Period: JANUARY 1, 2003 TO JUNE 30, 2007					
MA/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	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>Myrtle Beach-Conway-North Myrtle Beach MSA</b>	10	90.91	0.00	0.00	6.30	30.00	46.59	40.00	47.11	30.00	3.85	0.00	0.00	0.00	11.11
<b>Limited Review:</b>															
Georgetown County	1	9.09	0.00	0.00	0.00	0.00	0.00	0.00	100.0	100.0	25.00	0.00	0.00	0.00	25.00

\* Based on 2006 Peer Mortgage Data.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

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

### 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES				Geography: CONWAY NATIONAL BANK				Evaluation Period: JANUARY 1, 2003 TO JUNE 30, 2007							
MA/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 Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Myrtle Beach-Conway-North Myrtle Beach MSA	11294	92.95	0.00	0.00	18.42	11.36	57.84	71.60	23.74	17.04	21.35	0.00	18.91	24.62	15.80
<b>Limited Review:</b>															
Georgetown County	857	7.05	0.00	0.00	0.00	0.00	0.00	0.00	100.0	100.0	9.63	0.00	2.78	1.89	12.30

\* Based on 2006 Peer Small Business Data: US.

\*\* 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 2006.

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

Geographic Distribution: SMALL LOANS TO FARMS				Geography: CONWAY NATIONAL BANK				Evaluation Period: JANUARY 1, 2003 TO JUNE 30, 2007							
MA/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>															
<b>Myrtle Beach-Conway-North Myrtle Beach MSA</b>	406	99.02	0.00	0.00	15.38	4.68	72.55	91.38	12.06	3.94	59.20	0.00	4.00	69.78	50.00
<b>Limited Review:</b>															
Georgetown County	4	0.98	0.00	0.00	0.00	0.00	0.00	0.00	100.0	100.0	12.50	0.00	0.00	33.33	0.00

\* Based on 2006 Peer Small Business Data: US.

\*\* 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 2006.

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

Borrower Distribution: HOME PURCHASE		Geography: CONWAY NATIONAL BANK								Evaluation Period: JANUARY 1, 2003 TO JUNE 30, 2007					
MA/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**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>Myrtle Beach-Conway-North Myrtle Beach MSA</b>	822	92.36	18.14	10.26	19.53	20.37	22.91	23.36	39.42	46.01	1.08	4.39	3.27	1.61	0.65
<b>Limited Review:</b>															
Georgetown County	68	7.64	9.92	1.82	12.64	5.45	16.92	9.09	60.51	83.64	1.69	0.00	4.55	0.95	1.67

\* Based on 2006 Peer Mortgage Data. No income information on 22.56% of sample.

\*\* As a percentage of loans with borrower income information available. No information was available for 14.26% of loans originated and purchased by Bank.

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

\*\*\*\* 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.

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

Borrower Distribution: HOME IMPROVEMENT		Geography: CONWAY NATIONAL BANK						Evaluation Period: JANUARY 1, 2003 TO JUNE 30, 2007							
MA/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* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Myrtle Beach-Conway-North Myrtle Beach MSA	246	91.79	18.14	16.32	19.53	20.92	22.91	25.52	39.42	37.24	11.54	20.45	12.22	11.96	10.06
<b>Limited Review:</b>															
Georgetown County	22	8.21	9.92	15.79	12.64	5.26	16.92	26.32	60.51	52.63	13.73	25.00	0.00	30.00	8.57

\* Based on 2006 Peer Mortgage Data. No income information available for 0.72%.

\*\* As a percentage of loans with borrower income information available. No information was available for 3.53% of loans originated and purchased by Bank.

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

\*\*\*\* 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.

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

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: CONWAY NATIONAL BANK						Evaluation Period: JANUARY 1, 2003 TO JUNE 30, 2007						
MA/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* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>Myrtle Beach-Conway-North Myrtle Beach MSA</b>	843	91.04	18.14	9.33	19.53	20.89	22.91	24.31	39.42	45.47	2.58	4.73	3.49	3.42	1.88
<b>Limited Review:</b>															
Georgetown County	83	8.96	9.92	4.11	12.64	5.48	16.92	17.81	60.51	72.60	1.98	10.53	0.00	0.00	2.25

\* Based on 2006 Peer Mortgage Data. No income information available for 19.28% of the sample.

\*\* As a percentage of loans with borrower income information available. No information was available for 9.89% of loans originated and purchased by Bank.

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

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

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

Borrower Distribution: SMALL LOANS TO BUSINESSES      Geography: CONWAY NATIONAL BANK      Evaluation Period: JANUARY 1, 2003 TO JUNE 30, 2007									
MA/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>									
<b>Myrtle Beach-Conway-North Myrtle Beach MSA</b>	11,294	92.95	63.08	98.83	80.72	13.36	5.92	21.35	41.22
<b>Limited Review:</b>									
Georgetown County	857	7.05	71.24	99.42	75.38	13.42	11.20	9.63	22.30

\* Based on 2006 Peer Small Business Data: US.

\*\* 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 - 2006).

\*\*\*\* 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 30.09% 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: CONWAY NATIONAL BANK			Evaluation Period: JANUARY 1, 2003 TO JUNE 30, 2007				
MA/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>									
<b>Myrtle Beach-Conway-North Myrtle Beach MSA</b>	406	99.02	93.53	98.77	91.87	6.16	1.97	59.20	61.82
<b>Limited Review:</b>									
Georgetown County	4	0.98	90.70	100.0	100.0	0.00	0.00	12.50	33.33

<sup>\*</sup> Based on 2006 Peer Small Business Data: US.

<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 - 2006).

<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 0.82% of small loans to farms originated and purchased by Bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: CONWAY NATIONAL BANK				Evaluation Period: JANUARY 27, 2004 TO OCTOBER 4, 2007			
MA/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-North Myrtle Beach MSA	1	224	15	209	16	433	57%		
<b>Limited Review:</b>									
Georgetown County	0	0	3	332	3	332	43%		

\* 'Prior Period Investments' means investments made in a previous evaluation 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: CONWAY NATIONAL BANK Evaluation Period: JANUARY 27, 2007 TO OCTOBER 4, 2007																	
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
<b>Full Review:</b>																	
Myrtle Beach-Conway-North Myrtle Beach MSA	94.59	12	86	0	4	5	3	1	0	0	0	1	0	0.00	13.00	70.00	17.00
<b>Limited Review:</b>																	
Georgetown County	5.41	2	14	0	0	0	2	1	0	0	0	0	1	0.00	0.00	0.00	100.00