



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

July 16, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CBC National Bank
Charter Number 23922

1891 South 14th Street
Fernandina Beach, FL 32034

Office of the Comptroller of the Currency

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Jacksonville, FL 32256-8273

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

Major factors supporting the institution's rating include:¹

- The bank's average quarterly loan-to-deposit ratio since the last examination is reasonable given the institution's size, capacity, and economic conditions.
- A substantial majority of loans were originated outside the bank's assessment area. This outcome is reflective of the bank's business model.
- Overall, lending to borrowers of different incomes and businesses of different sizes exhibits excellent penetration. Borrower distribution is excellent in the Florida and South Carolina assessment areas. It is poor in the Georgia assessment area because the bank originated such a small number of loans.
- Overall, community development performance demonstrates excellent responsiveness to assessment area needs. Community development performance demonstrated excellent responsiveness in the Florida and South Carolina assessment areas and satisfactory responsiveness in the Georgia assessment area, given the limited level of opportunities in that assessment area.

Scope of Examination

This Performance Evaluation assesses the bank's performance under the Intermediate Small Bank (ISB) Test. In evaluating the bank's lending performance, we reviewed business loans, the bank's primary business line, home mortgage loans, and at the bank's request, consumer loans.

The overall evaluation period ranged from June 1, 2009, the cut-off date of the prior evaluation period, to July 16, 2012. For the Lending Test portion of the evaluation and for community development loans, we focused on activity from June 1, 2009 to December 31, 2011. For community development investments and services, we focused on activity from June 1, 2009 to July 16, 2012.

For our examination, we relied on Home Mortgage Disclosure Act (HMDA) reported by the bank and loan origination reports generated by the bank for business and consumer loans. We relied on the quality of the bank's internal procedures, compliance reviews and audits regarding the accuracy of business, and consumer loan data. Community

¹ The net loan-to-deposit ratio and percentage of loans and other lending-related activity in the assessment area only apply to the institution overall. No discussion of these performance criteria applies to sections of the performance evaluation relating to states, and multistate metropolitan areas.

development loans, investments, and services submitted by bank management were verified to ensure accuracy and that they met the regulatory definition of community development.

Description of Institution

CBC National Bank (CBC) is an interstate bank headquartered in Fernandina Beach, Florida. It is a wholly owned by Coastal Banking Company, a one-bank holding company headquartered in Beaufort, South Carolina. The bank has no operating subsidiaries.

CBC currently operates four banking offices. One is located in Florida, one in Georgia, and two in South Carolina. During portions of the evaluation period, branches operated under the name First National Bank of Nassau County in Florida, Lowcountry National Bank in South Carolina, and The Georgia Bank in Georgia. No branches were opened during the evaluation period, but a branch in Hilton Head, South Carolina was closed March 31, 2011.

As of December 31, 2011, the bank had total assets of \$478 million and total deposits of \$356 million. Total loans (net of unearned income), which represent 61 percent of total assets equaled \$291 million. The loan portfolio consists of 53 percent business loans (including construction loans) and 46 percent residential mortgage loans, with the remainder consisting of consumer and other loans.

CBC offers a variety of loan products for individuals and businesses, as described in the CRA Public File. While the bank's primary focus in meeting the credit needs of its assessment areas is business lending, the bank conducts its operations through three divisions:

1. Community Banking
2. Small Business Administration (SBA) Lending
3. Mortgage Lending

The Community Banking Division is comprised of four retail banking offices that serve the bank's designated assessment area. Of those branches, two are located in Beaufort County, South Carolina, one in Thomas County, Georgia, and one in Nassau County, Florida. These offices operate as traditional bank branches offering a full range of deposit and loan products and services for consumers and businesses, as described in the bank's CRA Public file. A limited number of personal deposit products are also offered by the bank, via the internet, to residents of its assessment area states.

The SBA Division is centralized in Fernandina Beach, Florida. The bank has been an active participant in the SBA Certified Lender Program (CLP) and Preferred Lender Program (PLP) since 2000. SBA loans can be obtained from any of the bank's four branches, but the majority of SBA lending activity comes from four SBA loan production offices (LPOs) located in Jacksonville, Florida; Vero Beach, Florida; Winston-Salem, North Carolina; and Alpharetta, Georgia. In January 2012, a new office was opened in

Orlando, Florida and the Winston-Salem office was closed. LPOs are not considered branches under the CRA; therefore, most loans generated from these locations are outside the bank's designated assessment area.

The Mortgage Lending Division is divided into three segments: Retail, Wholesale, and National Retail. The Retail Division is further divided into the Branch Retail and "Alpharetta" Retail segments. The Branch Retail segment refers to mortgage loans sourced through the bank's four branch network. Mortgage loan officers are physically located in the branches and originate loans directly with consumers in their markets. The "Alpharetta" Retail segment, so named for its physical location in Alpharetta, Georgia, has mortgage loan officers that also deal directly with consumers, primarily in the Southeast. However, the location is not in the bank's Georgia assessment area and is therefore not included in the Branch Retail segment. Loans originated from this office are generally outside the bank's assessment area.

The Wholesale Mortgage Division is a traditional wholesale mortgage operation where loans are sourced from mortgage brokers and community banks and later sold to secondary market investors. Finally, the National Retail Division sources loans from a network of 11 LPOs located in six states including Maryland, New York, Ohio, Kansas, California, Connecticut, and Michigan. As with the Wholesale Division, these offices are not branches under the CRA and therefore their activities are generally not in the bank's assessment area.

During the evaluation period the bank originated a total of 13,833 mortgage, business, and consumer loans totaling \$2.9 billion. Clearly, branch deposits cannot support such lending volume. While branch deposits do support loans maintained in the bank's loan portfolio, other lending is supported by sources other than branch deposits, primarily the sale of mortgage and SBA loans on the secondary market. Additional funding comes from Federal Home Loan Bank (FHLB) borrowings, brokered deposits, institutional deposits, and CDARS Reciprocal Deposits.

This lending strategy has allowed the bank a source of non-interest income to support its overall operations in light of the limited assessment area lending opportunities and recessionary climate that were present during the examination evaluation period (for a further discussion please see the Description of Assessment Area portion of this Public Evaluation). Most importantly, it allows management the opportunity to provide bank customers, including low - and moderate-income borrowers and small businesses, with affordable and flexible lending products, including FHA mortgage and SBA loans.

During the evaluation period, the bank faced some challenges to its ability to help meet credit needs in its assessment area. The financial crisis had a negative impact on the local economies, thus negatively impacting the bank's ability to originate new loans and borrowers' ability to repay existing loans. While the bank had a small profit in 2011, it was not profitable in 2009 and 2010. These factors were considered in our evaluation of the bank's performance.

At its last CRA examination dated June 9, 2009, the bank was rated satisfactory.

Selection of Areas for Full-Scope Review

At this evaluation, CBC has three assessment areas, one in Florida, one in South Carolina, and one in Georgia. Each is generally described here. A more detailed description, including demographic information, can be found in the appropriate sections of this report.

The Florida assessment area consists of all of Nassau County. Nassau County is part of MSA 27260 (Jacksonville, FL), but no other portion of the MSA are included in the assessment area. The South Carolina assessment area consists of all of non-MSA Beaufort County. The Georgia assessment area consists of all of non-MSA Thomas County. These assessment areas meet regulatory requirements and do not arbitrarily exclude any low or moderate-income geographies. Each assessment area received a full-scope review.

Ratings

The bank's overall rating is a blend of the state ratings. In reaching our overall conclusion, primary consideration was given to performance in the Florida assessment area. This assessment area represents 67 percent of the bank's deposits as of June 30, 2011. Very limited consideration was given to performance in the Georgia assessment area. Deposits there represent only two percent of total deposits as of June 30, 2011.

Conclusions with Respect to Performance Criteria

Loan-to-Deposit Ratio

CBC's quarterly average loan-to-deposit ratio meets the standard for satisfactory performance. The bank's loan-to-deposit ratio is reasonable given the institution's size, capacity, and performance context factors.

The bank's quarterly average loan-to-deposit ratio since the last CRA examination (11 quarters beginning with the second quarter of 2009) is 87.24 percent, ranging from a high of 93.88 percent in the third quarter of 2011 to a low of 80.18 percent in the fourth quarter of 2011. For the same time period, the bank's quarterly average ratio is consistent with the 89.70 percent quarterly average ratio of its peer banks operating throughout the United States, and the 78.30 percent, for its peer banks operating in Florida, Georgia, and South Carolina.

Lending in Assessment Area

The level of lending in the bank's assessment area does not meet the standard for satisfactory performance. A substantial majority of loan originations are outside the bank's assessment area. This performance is reflective of the bank's business strategy, as discussed in the Description of Institution portion of this evaluation.

Overall, six percent of loans by number and five percent by dollar amount originated during the evaluation period were originated in CBC's combined assessment area. As depicted below, this performance is the result of home mortgage loans which the bank primarily originates through its wholesale and national retail divisions. These divisions generally originate loans outside the bank's assessment area. This outcome is reflective of the aforementioned strategy.

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	114	2.00	5,577	98.00	5,691	27,167	2.39	1,109,347	97.61	1,136,514
Home Improvement	11	33.33	22	66.67	33	711	11.09	5,698	88.91	6,409
Refinance	213	2.85	7,263	97.15	7,476	51,285	3.04	1,635,887	96.96	1,687,172
Total Home Loans	338	2.56	12,862	97.44	13,200	79,163	2.80	2,750,932	97.20	2,830,095
Business Loans	212	77.37	62	22.63	274	36,090	47.08	40,572	52.92	76,772
Business RE Secured	71	83.53	14	16.47	85	14,134	78.30	3,918	21.70	18,052
Consumer Loans	263	92.61	21	7.39	284	13,599	89.80	1,544	10.20	15,143
<i>All Loans</i>	<i>884</i>	<i>6.39</i>	<i>12,959</i>	<i>93.61</i>	<i>13,843</i>	<i>142,986</i>	<i>4.86</i>	<i>2,796,966</i>	<i>95.14</i>	<i>2,939,952</i>

Source: Data reported under HMDA for June 1, 2009 through December 31, 2009 and 2010 -2011. All other data was maintained and supplied by the bank.

Assessment area lending is concentrated in business and consumer lending, with business lending being the community bank's primary business strategy. Although the bank operates SBA loan production offices outside its assessment area, the majority of business loan activity is nonetheless in the assessment area, with 77 percent of the number of business loans, and 84 percent of the number of business residential real estate secured loans originated in the bank's assessment area. By dollar amount, the percentages are 47 and 78, respectively, as shown above. Also, the majority of consumer lending is in the bank's assessment area. Of consumer loans, 93 percent by number and 90 percent by dollar amount are, in the combined assessment area.

Fair Lending or Other Illegal Credit Practices Review

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

State Rating

State of Florida

CRA Rating for Florida:² Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

Major factors supporting the institution's state rating include:

- A substantial majority of loans were originated outside the bank's assessment area, an outcome that is the result of the bank's business strategy.
- Overall, the bank's record of lending to borrowers of different incomes and to businesses of different sizes reflects excellent penetration.
- Overall, the bank's community development performance demonstrates excellent responsiveness to needs in the assessment area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN FLORIDA

CBC operates one office in the assessment area, located in Fernandina Beach (Amelia Island), Nassau County, Florida. As of June 30, 2011, the bank's deposits in the assessment area totaled \$219 million, or 67 percent of the bank's total deposits, making it the most important assessment area for this examination. For the evaluation period, the bank originated 109 home mortgage loans, 88 business loans, and 93 consumer loans in the Florida assessment area. Of home mortgage loans, 46 are home purchase loans and 57 are refinance.

The Florida assessment area consists of all of Nassau County. Of the eight geographies in the assessment area, none are low- or moderate-income, seven or 88 percent are middle-income and one or 12 percent is upper-income.

The 2000 Census puts the population of Nassau County at approximately 58 thousand but 2010 population figures show an increase of about 27 percent to 73 thousand. The county is divided into two distinct sections, West Nassau (west of I-95) and East Nassau (east of I-95). East Nassau contains about 80 percent of the population and is highly dependent on tourism, the retirement population, and demographic trends related to

² For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

second home and retirement properties. Most all of the geographies in the assessment area are in East Nassau, where CBC's branch is located. West Nassau is very rural in nature and contains two small towns; Callahan and Hilliard. Residents of the West Nassau area primarily travel to work in Jacksonville or are self-employed. Major employers in Nassau County include, Nassau County School Board and County Government, the Omni Amelia Island, the Ritz-Carlton at Amelia Island, and two paper plants that operate near downtown Fernandina Beach. The HUD adjusted median family income for the MSA 27260, which includes Nassau County, was \$66,400 in 2011, having increased slightly from \$65,100 in 2009.

As noted above, the economy is highly dependent on tourism and the retirement population, making the service and retail sectors very important. Real estate and real estate development were key prior to the recession, but have slowed greatly. The Census Bureau reports that in 2010 only 251 building permits were issued in Nassau County. According to the Bureau of Labor Statistics, unemployment in the county reached 9.4 percent in June 2009, compared with a statewide rate of 10.7 percent. But by December 2011, the rate declined to 8.8 percent in the county, compared with 9.7 for the state of Florida. Based on 2011 Dun & Bradstreet data, there are 9,261 non-farm businesses in Nassau County. Of those, 71 percent are considered small businesses, with gross annual revenues of \$1 million or less.

As throughout the country, the housing crisis had a negative impact on real estate values, with Florida ranking near the top for foreclosures nationwide. Housing prices declined by almost 50 percent during the housing crisis and subsequent recession. According to data from the National Association of Realtors, the median sales price for an existing single family home in the Jacksonville MSA, which contains Nassau County, fell to \$137,700 in 2010 and \$123,600 in 2011.

Banking is competitive in the Nassau County assessment area. There are 11 different institutions operating 21 banking offices in the county. According to data from the Federal Deposit Insurance Corporation, as of June 30, 2011, CBC is ranked 1st among banks, with a 24 percent deposit market share. CBC is followed by Synovus Bank, with a 21 percent deposit market share, and Wells Fargo Bank, N.A., with a 15 percent deposit market share.

Opportunities for community development lending and investments in the Nassau County assessment area are limited. Few affordable housing organizations operate in the assessment area. The availability of qualified mortgage-backed securities, once a common community development investment, particularly for small-intermediate institutions, has become limited due to the decline in home purchases by low- and moderate-income families. Opportunities exist to lend, contribute, and provide financial expertise to qualified non-profit organizations whose missions meet the definition of community development. Low Income Housing Tax Credits (LIHTC) are available and have become more popular in recent years, but are considered somewhat complex for smaller institutions. There are state-wide and regional community development opportunities available. Conditions and opportunities in the assessment area were taken into consideration during this evaluation.

SCOPE OF EVALUATION IN FLORIDA

For this evaluation, the bank's assessment area in Florida is all of Nassau County. Nassau County is part of MSA 27260 (Jacksonville, FL). The Nassau County assessment area received a full-scope review.

We evaluated home mortgage, business, and consumer loans, but our examination focused on loans to businesses, the bank's primary business line. For home mortgage loans, somewhat more emphasis was placed on refinance loan performance, as they represent 52 percent of all home mortgage loans. The conclusion for the Lending Test was based on the borrower distribution of loans only. There are no low- or moderate-income geographies in the assessment area. For the Community Development Test, we evaluated community development loans, investments, and services.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN FLORIDA

LENDING TEST

The bank's performance under the lending test in Florida is rated "satisfactory."

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

Overall, CBC's lending to borrowers of different income levels and businesses of different sizes reflect excellent penetration. Small business and consumer loan activity reflect excellent penetration. Home mortgage loans reflect reasonable penetration, given performance context.

Home Mortgage Loans

Overall, CBC's home mortgage lending to borrowers of different income levels exhibits reasonable penetration among low- and moderate-income borrowers, given performance context. Home purchase loans exhibited excellent penetration while refinance loans exhibited reasonable penetration.

During the evaluation period, performance context issues made it difficult to provide home mortgage loans, particularly to low- and moderate-income borrowers. The mortgage crisis and subsequent economic crisis caused lenders, both primary and secondary investors, to change their business model. Special mortgage products, some targeted to low- and moderate-income borrowers' particular needs, were no longer offered. Down payment requirements were increased as were qualifying credit scores. Declining home values reduced the level of equity in homes, impacting the

ability of borrowers to refinance existing loans. High unemployment rates also factored into the overall decline in mortgage lending.

All of these factors had a particular impact on low-income and some moderate-income borrowers. Even though home prices became more affordable, low- and moderate-income borrowers could not qualify for mortgage loans. This fact has been noted by multiple community contacts and discussed in a recent report by the Center for Housing Policy. In addition, poverty rates impact the ability of low-income and some moderate-income borrowers to become homeowners. In Nassau County the poverty rate is 9.23 percent, according to the 2000 Census.

For the above reasons, we have placed more emphasis on performance to moderate-income borrowers in reaching our conclusions.

Home Purchase Loans

Given performance context, the bank's home purchase lending to low- and moderate-income borrowers shows reasonable penetration. For low-income borrowers, the percentage of the bank's loans is lower than the percentage of low-income families. For moderate-income borrowers, the percentage of the bank's loans is greater than the percentage of moderate-income families.

Refinance Loans

Given performance context, the bank's refinance lending to low- and moderate-income borrowers shows excellent penetration. The bank's percentage of refinance loans to low-income borrowers is lower than the percentage of low-income families in the assessment area. For moderate-income borrowers, the percentage of the bank's loans is somewhat lower than the percentage of moderate-income families.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	17.06	4.88	18.29	19.51	23.37	14.63	41.29	60.98
Refinance	17.06	7.14	18.29	12.50	23.37	19.64	41.29	60.71

Source: Data reported under HMDA; 2000 U.S. Census data.

Small Business Loans

The bank's record of lending to businesses of different sizes reflects excellent penetration and exceeds the standard for satisfactory performance. The percentage of the bank's business loans to small businesses (businesses with gross annual revenues of \$1 million or less) exceeds the percentage of small businesses operating in the assessment area. Also, of the 88 business loans originated in the assessment area

during the evaluation period, 58 percent were for \$100,000 or less, a further indication that the bank is meeting the credit needs of small businesses. This performance reflects the bank's emphasis on SBA lending throughout its assessment areas.

Table 2B – Borrower Distribution of Loans to Businesses in the Nassau County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	70.89	1.45	27.66	100%
% of Bank Loans in AA by #	75.29	24.71	0.00	100%

Source: Bank loan origination reports; CRA Wiz 2011 business geo-demographic Dun & Bradstreet data.

In addition to the business loans discussed above, the bank originated 36 business loans totaling \$7.8 million secured by residential real estate that are not included in the above analysis. Of those loans, 32, or 89 percent, were to small businesses, as defined above.

Consumer Loans

CBC's consumer lending shows excellent penetration among low- and moderate-income borrowers. For both low- and moderate-income households, the percentage of the bank's loans exceeds the percentage of such households in the assessment area, as depicted below.

Table 2C - Borrower Distribution of Consumer Loans in the Nassau County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Consumer Loans	20.25	31.18	15.51	17.20	19.62	10.75	44.62	69.74

Source: Data collected by the bank; 2000 U.S. Census data.

Geographic Distribution of Loans

No geographic distribution analysis was conducted. As was previously noted, there are no low-or moderate-income geographies in the assessment area.

Responses to Complaints

No complaints were received during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in Florida is rated "outstanding."

Number and Amount of Community Development Loans

The bank's community development loans represent excellent responsiveness to community development needs. During the evaluation period, the bank originated 13 community development loans totaling \$9.8 million, as shown below. Consideration was given to outside assessment area loans since the bank adequately met community development needs within its assessment area.

Assessment Area	#	\$ (000)
Nassau County Assessment Area	9	\$ 2.7
Outside Assessment Area/inside the state of Florida	4	\$ 7.1
Totals	13	\$ 9.8

Of in assessment area loans, four loans totaling \$1.5 million and representing 56 percent of community development loan dollars were to entities that provide community services targeted to low- and moderate-income persons. Notable is a loan for \$850,000 to a non-profit organization to construct a building to be used to provide community services including after school and weekend programs to children in Fernandina Beach. Organization records show that 98 percent of participants come from low- and moderate-income families. In addition to this loan, the bank provided another community development loan for \$40,000 to the organization to purchase a van.

Thirty-six percent of community development loan dollars (\$961,000) helped to meet economic development needs in the assessment area by providing loans to small businesses (businesses with gross annual revenues of \$1million or less) that retained or provided new jobs with salaries that meet the definition of low- or moderate-income. Of the three loans, 5 jobs were retained and 19 jobs were created. These loans help to meet the economic development needs in the assessment area, as evidenced by the level of unemployment in the county during the evaluation period.

The final two community development loans, totaling \$200,000, helped to meet affordable housing needs in the assessment area. These loans are an origination and renewal of a line of credit to a non-profit organization whose mission is to provide owner-occupied housing opportunities affordable to low- and moderate-income families. Affordable housing is a known need in the assessment area.

All out of assessment area loans were SBA 7-A loans that do not benefit the assessment area. One loan, totaling \$2.1 million helped to meet economic development needs. The loan was to a small business with gross annual revenues of less than a million dollars that provided 14 new jobs with salaries commensurate with the definition of low- and moderate-income. The remaining loans helped to meet community service needs by providing child care and after-school care programs primarily to children from low- and moderate-income families.

Number and Amount of Qualified Investments

Community development investments represent adequate responsiveness to assessment area needs, given the bank's size, capacity to provide such investments, and the level of opportunities in the assessment area.

During the evaluation period, the bank made 43 investments totaling \$75,000 to 19 different non-profit organizations in the Florida assessment area. These are donations to organizations whose mission is directed primarily to assist low- and moderate-income residents of the bank's assessment area. Important is a donation, valued at \$20,000, of an unimproved building lot to a non-profit organization whose mission is to provide housing affordable to low- and moderate-income families. The remainder of donations were to non-profit groups that provide community services such as shelter, child care, and after school programs for low- and moderate-income residents.

Also during the evaluation period, the bank made a \$1.3 million investment in a Ginnie Mae (GNMA) mortgage-backed security which is collateralized by a pool of mortgage loans to low- and moderate-income borrowers. Of the 13 loans in the loan pool, 10 loans totaling \$1.155 million are to residents of the bank's Florida assessment area. Other borrowers reside in the state of Georgia. In reaching a conclusion regarding the number and amount of qualified investments in the Florida assessment area, positive consideration was given the portion of this investment applicable to the Florida assessment area.

Extent to Which the Bank Provides Community Development Services

The extent to which the bank provides banking services and community development services is excellent given the bank's size, capacity to provide such services, and the level of opportunities in the assessment area.

Although CBC's office is not located in a low- or moderate-income geography, the bank does provide products and services that are considered responsive to low- and moderate-income individuals and small businesses. CBC offers two types of low-cost personal checking accounts (Free Checking and Prestige Checking) with a \$100 minimum balance to open, no monthly maintenance fee, no required minimum balance, unlimited check writing, and unlimited debit card usage. The Prestige account, offered to those age 50 and above, also provides free classic checks. Likewise, CBC offers a low-cost business checking account with a \$100 minimum balance to open, no monthly maintenance fee, and the first 500 items are free. The fee for items in excess of 500 is

\$.30 per item. During the evaluation period, in the Nassau County assessment area, the bank opened 370 consumer checking accounts, of which 272, or 74 percent, were free personal checking accounts. Of the total 171 new business checking accounts opened, 166, or 97 percent, were the free accounts.

Responsive loan products that can assist low- and moderate-income customers include FHA, VA, and Rural Development Agency mortgage loans. SBA 7-A, 504, and Express loans frequently assist small businesses, as defined by the CRA, as can business loans under the Rural Development Agency's Business & Industry Loan Program.

CBC's branch office is open from 9:00 until 4:30 Monday through Thursday and has extended hours until 5:30 on Friday. There is an ATM facility on site and a drive-thru facility that is open 8:30 to 4:30 Monday through Thursday and until 5:30 on Friday. It is also open on Saturday from 9:00 until noon.

Bank personnel engage in community development services that are responsive to community needs. During the evaluation period, 11 different officers and employees served organizations whose mission or specific activity meets the definition of community development. In total, 453 hours of community service were provided to seven different assessment area organizations. Specifically, bank personnel used their financial expertise by serving on budget and finance committees, and assisting with fund-raising. Bank personnel also provided financial literacy training targeted to low- and moderate-income students and residents of the assessment area. These programs include such topics as budgeting, credit scores, home buying, financial planning, and the use of checking accounts. The need for financial literacy training is frequently mentioned by community contacts.

Responsiveness to Community Development Needs

Considering the bank's capacity and opportunities in the assessment area, CBC's community development performance demonstrates excellent responsiveness to community development needs primarily through its community development loan and community development service activities. Community development lending is principally helping to meet economic development needs in the assessment area, a need evidenced by the high unemployment rates during the evaluation period. Community development investments primarily help to meet affordable housing needs, a known critical need in the assessment area. Community development services include low-cost checking account products that can benefit both low- and moderate-income individuals and small businesses. SBA loans were particularly responsive to the borrowing needs of small businesses, as evidenced by the bank's Lending Test performance. Also, a significant amount of officer and employee time is focused on helping to meet the needs of community service organizations in the assessment area.

State Rating

State of South Carolina

CRA Rating for South Carolina:³ Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

Major factors supporting the institution's state rating include:

- A substantial majority of loans were originated outside the bank's assessment area, consistent with the bank's business strategy.
- Overall, the bank's record of lending to borrowers of different incomes and businesses of different sizes reflects excellent penetration.
- Overall, the geographic distribution of loans reflects a reasonable dispersion in the assessment area, given performance context.
- The bank's community development performance demonstrates excellent responsiveness to needs in the assessment area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SOUTH CAROLINA

The bank's assessment area in South Carolina consists of all of non-MSA Beaufort County. The bank operates two offices in the assessment area, one in Beaufort and the other in Port Royal. In March, 2011, a branch in an upper-income geography located in Hilton Head, was closed. As of June 30, 2011, the bank's deposits in the assessment area totaled \$99.8 million, or 31 percent of the bank's total deposits. For the evaluation period, the bank originated 224 home mortgage loans, 167 business loans, and 166 consumer loans. Of home mortgage loans, 67 are home purchase loans and 154 are refinances.

Of the 27 geographies in Beaufort County, none are low-income and only 2, or 7 percent, are moderate-income. Of the remaining geographies, 9, or 33 percent, are middle-income and 16, or 59 percent, are upper-income. Two geographies in the most northern portions of the county are rural in nature, containing a mix of farms and vacant

³ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

land, and are sparsely populated. Three geographies contain military facilities, including the Parris Island Marine Corps Recruit Depot, and one geography contains a 5,000 acre state park. More lending opportunities are available in Hilton Head, which is comprised of 13 geographies. Overall, the county offers limited opportunities for home mortgage or business lending, particularly in low- and moderate-income geographies.

The 2000 Census puts the population of Beaufort County at approximately 121 thousand, but 2010 population figures show an increase of about 34 percent to 162 thousand. The assessment area is known as a second-home and retirement haven, particularly Hilton Head, 2000 Census data indicates that approximately 25 percent of households are retired. The HUD adjusted median family income for all non-MSA counties in South Carolina in 2011 was \$47,700, having declined slightly from \$48,400 in 2009.

The economy is highly dependent on tourism, the military, and the retirement population, making the service and retail sectors very important. Real estate and real estate development were key prior to the recession, but have slowed greatly. The Census Bureau reports that in 2010, only 244 building permits were issued. According to the Bureau of Labor Statistics, unemployment in the county reached 9.3 percent in December 2009, compared with a statewide rate of 10.3 percent, but by December 2011 the rate declined to 7.6 percent in the county, compared with 8.9 for the state of South Carolina

As throughout the country, the housing crisis had a negative impact on real estate values. According to Realty Trac, Hilton Head had the second highest foreclosure rate in South Carolina. Housing prices declined by almost 50 percent during the crisis. According to data from the Beaufort County Multiple Listing Service, the median sales price for a single family home in Beaufort County fell to \$180,400 in 2010, increasing slightly to \$182,400 in 2011.

Based on 2011 Dun & Bradstreet data, there are 16,583 non-farm businesses in Beaufort County. Of those, 68 percent are considered small businesses, with gross annual revenues of \$1 million or less. Data indicates that many of these small businesses are heavily oriented toward one man service or consulting firms, many operating out of home offices. A community contact made for this examination stated that it is extremely difficult to obtain business financing in the assessment area, as local banks have tightened credit standards. Unemployed people have contacted the non-profit to assist them in starting a new business, but the organization has not been able to find a funding source.

Banking is competitive in the Beaufort County assessment area. There are 25 different institutions operating 73 banking offices in the County. According to data from the Federal Deposit Insurance Corporation, as of June 30, 2011, CBC is ranked 11th among banks with a 3.20 percent deposit market share. The market is dominated by Wells Fargo, Coastal States, and Bank of America, which combined, represent a 35 percent deposit market share.

Opportunities for community development lending and investments in the Beaufort County assessment area are limited. Few affordable housing organizations operate in the assessment area and there are no small business loan pools focused on the needs in the assessment area. The availability of qualified mortgage-backed securities, once a common community development investment, particularly for small-intermediate institutions, has become limited due to the dramatic decline in home purchases by low- and moderate-income families. Opportunities exist to lend, contribute, and provide financial expertise to qualified non-profit organizations whose missions meet the definition of community development; however, this option is limited by the financial strength of many banks. Low Income Housing Tax Credits (LIHTC) are available and have become more popular in recent years, but are considered somewhat complex for smaller institutions. State-wide and regional community development opportunities exist. Conditions and opportunities in the assessment area were taken into consideration during this evaluation.

SCOPE OF EVALUATION IN SOUTH CAROLINA

The Beaufort County assessment area received a full-scope review.

As part of this review, we conducted a telephone community contact with a non-profit small business development organization operating in the assessment area. The contact noted that it has been very difficult for borrowers to obtain business credit because banks have tightened their credit standards. The contact noted that it is especially difficult for start-up businesses and that there were no revolving loan funds or micro-loan funds in the assessment area.

Our examination focused on loans to businesses, the bank's primary business line. Regarding home mortgage loans, more consideration was given to refinance loans since they represent 69 percent of home mortgage lending. Primary consideration was given to the borrower distribution portion of the lending test because of the limited number of low- and moderate-income geographies within the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SOUTH CAROLINA

LENDING TEST

The bank's performance under the lending test in South Carolina is rated "satisfactory."

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

Overall, CBC's lending to borrowers of different income levels and businesses of different sizes reflect excellent penetration. Small business activity reflects excellent

penetration. Consumer lending reflects excellent penetration, given performance context. Home mortgage loans reflect reasonable penetration, given performance context.

Home Mortgage Loans

CBC’s home mortgage lending to borrowers of different income levels exhibits reasonable penetration among low- and moderate-income borrowers, given performance context.

The same performance context issues discussed in the evaluation of borrower distribution for the state of Florida had an impact on performance in South Carolina, including the poverty rate, which is 9.5 percent in Beaufort County, based on the 2000 Census. In addition, there is a large military presence in the assessment area. Some military families fall into the category of low- or moderate-income, but they have no need to be homeowners since housing is provided to them. This had the effect of limiting the number of potential low- or moderate-income family home buyers.

As in the Florida assessment area, we placed more emphasis on performance towards moderate-income borrowers in reaching our conclusions, based on performance context.

Home Purchase Loans

Given performance context, the bank’s home purchase lending to low- and moderate-income borrowers shows reasonable penetration. For low-income borrowers, the percentage of the bank’s loans is significantly lower than the percentage of low-income families. For moderate-income borrowers, the percentage of the bank’s loans is somewhat lower than the percentage of moderate-income families.

Refinance Loans

Given performance context, the bank’s refinance lending to low- and moderate-income borrowers shows reasonable penetration. The bank had no refinance loans to low-income borrowers during the evaluation period. For moderate-income borrowers, the percentage of the bank’s loans is lower than the percentage of moderate-income families.

Table 3A - Borrower Distribution of Residential Real Estate Loans in the Beaufort AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	12.77	1.64	13.07	8.20	17.56	14.75	56.61	75.41
Refinance	12.77	0.00	13.07	4.17	17.56	10.42	56.61	85.42

Source: Data reported under HMDA; 2000 U.S. Census data.

Small Business Loans

The bank's record of lending to businesses of different sizes exceeds the standard for satisfactory performance. The percentage of the bank's business loans to small businesses (businesses with gross annual revenues of \$1 million or less) exceeds the percentage of small businesses operating in the assessment area. Also, of the 132 business loans originated in the assessment area during the evaluation period, 54 percent were for \$100,000 or less, a further indication that the bank is meeting the credit needs of small businesses.

Table 3B– Borrower Distribution of Loans to Businesses in South Carolina Assessment Area				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	68.01	2.91	29.08	100%
% of Bank Loans in AA by #	92.42	7.58	0.00	100%

Source: Bank loan origination reports; CRA Wiz 2011 business geo-demographic data/Dun & Bradstreet data.

In addition to the business loans discussed above, the bank originated 35 business loans totaling \$6.4 million secured by residential real estate that are not included in the above analysis. Of those loans, all where to small businesses, as defined above.

Consumer Loans

CBC's consumer lending shows excellent penetration among low- and moderate-income borrowers, given performance context. The percentage of the bank's loans to low- income households is somewhat lower than the percentage of low-income households in the assessment area. Regarding moderate-income households, the percentage of the bank's loans exceeds the percentage of moderate-income households in the assessment area, as shown below. The contextual factors that impacted home mortgage lending also impact consumer lending and for that reason, more emphasis was placed on lending to moderate-income households.

Table 3C - Borrower Distribution of Consumer Loans in South Carolina AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Consumer Loans	13.23	10.87	11.11	17.39	16.45	26.09	59.22	43.48

Source: Data collected by the bank; 2000 U.S. Census data.

Geographic Distribution of Loans

Overall, CBC's geographic distribution of loans reflects a reasonable distribution among the various income geographies, given performance context. The geographic distribution of home mortgage loans is weak and the geographic distribution of business and consumer loans is reasonable, given performance context.

Home Mortgage Loans

Overall, the geographic distribution of CBC's home mortgage loans reflects reasonable distribution among the various income categories, given performance context.

As shown in the tables below, there are no low-income geographies in the assessment area. In moderate-income geographies, there are very limited opportunities for lending. There are only two moderate-income geographies, representing 7.41 percent of all geographies. Within the two moderate-income geographies, there are only 3,633 owner-occupied housing units, 605 businesses, and 3,248 households. Considering that 25 different financial institutions are competing to lend in these geographies, it limits the opportunities for any one of them. It should also be noted that the performance context factors discussed in the borrower distribution analysis above also had an impact on home mortgage lending in moderate-income geographies.

Home Purchase Loans

Given performance context, the bank's home purchase lending in moderate-income geographies is reasonable. The percentage of the bank's home purchase loans in moderate-income geographies is lower than the percentage of owner-occupied housing units in moderate-income geographies, but consistent with performance context factors.

Refinance Loans

Given performance context, the bank's refinance lending in moderate-income geographies is weak. The percentage of the bank's refinance loans in moderate-income geographies is significantly lower than the percentage of owner-occupied housing units in moderate-income geographies, but consistent with performance context factors.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	7.78	2.99	30.10	47.76	62.12	49.25
Refinance	0.00	0.00	7.78	0.65	30.10	50.00	62.12	49.35

Source: Data reported under HMDA; 2000 U.S. Census

Small Business Loans

Given the level of opportunities, the bank's small business lending in moderate-income geographies is reasonable. The percentage of the bank's small loans to businesses in moderate-income geographies is significantly lower than the percentage of small businesses in moderate-income geographies, but the percentage of businesses in moderate-income geographies represents only 605 businesses.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Loans to Businesses	0.00	0.00	3.65	0.79	26.61	73.02	69.74	26.19

Source: Bank loan origination reports; CRA WIZ 2011 business geo-demographic data/Dun & Bradstreet data.

Consumer Loans

CBC's consumer lending in moderate-income geographies is reasonable. The percentage of the bank's consumer loans in moderate-income geographies is somewhat lower than the percentage of households in moderate-income geographies.

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0.00	0.00	7.14	4.35	36.61	50.00	56.26	45.65

Source: Data collected by bank; 2000 U.S. Census data.

Our analysis is based on data from all applicable loans shown in the bank's loan report. Every geography in the bank's assessment area did not have lending activity however there were no conspicuous gaps that could not be explained by performance context, including the limited number of the bank's branches and the level of competition in the assessment area.

Responses to Complaints

No complaints were received during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in South Carolina is rated "outstanding."

Number and Amount of Community Development Loans

CBC's community development loan performance demonstrates excellent responsiveness to community needs, given the limited opportunities in the assessment area.

During the evaluation period, two community development loans totaling \$2.7 million were originated in the Beaufort County assessment area. All but \$500,000 represents a loan to finance the construction of a building for a known non-profit provider of community services targeted to low- and moderate-income people. The organization will provide job opportunities and job training in the assessment area for low- and moderate-income persons at the new location. The second community development loan helps to revitalize and stabilize one of the moderate-income geographies in Beaufort County by providing working capital to a small, local grocery store that provides a needed service to residents. The next nearest store is 12 miles away and requires transportation.

The bank also originated a community development loan for \$2.2 million outside the South Carolina assessment area that will not benefit the assessment area. The SBA loan helped to meet economic development needs by providing financing for the acquisition and expansion of a hotel and restaurant where 10 jobs were retained and 15 were added. Salaries were consistent with the definition of low- and moderate-income.

Number and Amount of Qualified Investments

CBC has an adequate level of qualified investments given the bank's size, capacity, and the level of opportunities in the assessment area.

During the evaluation period, the bank made 30 monetary donations totaling \$27 thousand to community development organizations that help to assist low- or moderate-income individuals and families in Beaufort County. Also, during the evaluation period,

the bank invested in three minority-owned financial institutions outside its assessment area. At management's request, these investments were assigned to the South Carolina assessment area. In total, the bank made four depository investments totaling \$996 thousand. Three of these investments were new certificates of deposit totaling \$747 thousand; the other was a renewal of a \$249,000 previously opened certificate of deposit.

Extent to Which the Bank Provides Community Development Services

The extent to which the bank provides banking services and community development services is excellent given available opportunities, the bank's size, and capacity to provide such services.

Neither of CBC's assessment area offices is located in a low- or moderate-income geography; however, the bank does provide products and services that are considered responsive to low- and moderate-income individuals and small businesses. CBC offers two types of low-cost personal checking accounts (Free Checking and Prestige Checking) with a \$100 minimum balance to open, no monthly maintenance fee, no required minimum balance, unlimited check writing, and unlimited debit card usage. The Prestige account, offered to those age 50 and above, also provides free classic checks. Likewise, CBC offers a low-cost business checking account with a \$100 minimum balance to open, no monthly maintenance fee, and the first 500 items are free. The fee for items in excess of 500 is \$.30 per item. During the evaluation period, of the 464 new personal checking accounts opened in the Beaufort County assessment area, 400, or 86 percent, were free personal checking accounts. Of the 156 new business checking accounts opened, 147, or 94 percent, were the free accounts.

Responsive loan products that can assist low- and moderate-income customers include FHA, VA, and Rural Development Agency mortgage loans. SBA 7-A, 504, and Express loans frequently assist small businesses, as defined by the CRA, as can business loans under the Rural Development Agency's Business & Industry Loan Program.

CBC's branch offices are open 9:00 until 5:00, Monday through Thursday and have extended hours until 5:30 on Friday. There is an ATM facility at each site and a drive-thru facility. The drive-thru facilities close according to branch hours but open at 8:30. The Lady's Island branch drive-thru is open on Saturday from 9:00 until noon.

During the evaluation period, bank personnel engaged in community development services that are responsive to community needs. Six different officers and employees served organizations whose mission or specific activity meets the definition of community development. In total, 871 hours of service were provided to 15 different assessment area community service organizations. Specifically, bank personnel used their financial expertise by serving on budget and finance committees and assisting with fund-raising. Bank personnel provided a significant amount financial literacy training targeted to low- and moderate-income students and residents of the assessment area. These programs include the FDIC's Money Smart program, as well as programs designed for specific audiences including such topics as budgeting, credit scores, home

buying, financial planning, and the use of checking accounts. Financial literacy hours accounted for 27 percent of all community service hours. Financial literacy training needs are frequently mentioned during community contact calls.

Responsiveness to Community Development Needs

CBC's community development performance demonstrates excellent responsiveness to the needs of the assessment area through community development loans, qualified investments, and community development services, considering the bank's capacity and the availability of community development opportunities. Community development loans primarily helped to provide community services for low- and moderate-income residents in the assessment area, as did the bank's investment donations. Community development services are excellent and include low-cost checking account products that can benefit both low- and moderate-income individuals and small businesses. SBA loans are particularly responsive to the borrowing needs of small businesses, as evidenced by the bank's Lending Test performance. Also, a significant amount of officer and employee time is focused on helping to meet the needs of community service organizations in the assessment area, particularly in helping to provide financial literacy training.

State Rating

State of Georgia

CRA Rating for Georgia:⁴ Needs to Improve.

The Lending test is rated: Needs to Improve.

The Community development test is rated: Satisfactory.

Major factors supporting the institution's state rating include

- A substantial majority of loans were originated outside the bank's assessment area, consistent with the bank's business strategy.
- Low lending levels in the assessment area during the evaluation period show that the bank is not sufficiently helping to meet credit needs. The small number of loans was not sufficient for a meaningful analysis.
- The bank's community development performance demonstrates reasonable responsiveness to assessment area needs, given the limited opportunities in the assessment area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN GEORGIA

The bank's assessment area in Georgia consists of all of non-MSA Thomas County. The total population is 42,737, based on the 2000 Census, increasing to 44,720 by the 2010 Census. There are 11,409 owner-occupied housing units in assessment area, 16,000 households, and 5,000 non-farm businesses. The area is rural in nature and heavily dependent on service, construction, and agri-business. CBC is not an agricultural lender.

In the early 1900's, Thomas County was popular as a winter resort for wealthy northern families. Many non-residents still maintain large estates and hunting preserves, some of which are listed on the National Register of Historic Places. Of the 11 geographies in the assessment area, none are low-income, one, or 9 percent, is moderate-income, eight, or 73 percent, are distressed non-metropolitan middle-income, and two, or 18 percent, are upper-income. The HUD adjusted median family income for all non-MSA counties in Georgia was \$44,600 in 2009, \$46,400 in 2010, and \$46,300 in 2011. The poverty rate, based on the 2000 Census, is 18.6 percent. The recession caused the unemployment rate to rise, but rates in the county are somewhat less than for Georgia

⁴ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

overall. According to Bureau of Labor statistics, the unemployment rate in Thomas County as of June 30, 2009 was 9.5 percent, compared with 10.5 percent for the state of Georgia. As of December 31, 2010, the county rate was 8.9 percent and the state rate was 10.1 percent. As of December 31, 2011, the rates were 7.9 percent and 9.2 percent, respectively. Healthcare service providers are the largest employers in the assessment area, according to a community contact.

The bank's branch is located in the only moderate-income geography, in the city of Meigs. It is the only banking office in the city. Based on the 2000 Census, the city has a population of 1,090. Data indicates that the poverty level in Meigs exceeds the overall poverty level of the county.

Banking competition in Thomas County is strong for such a small market. There are nine financial institutions reporting deposits to the FDIC as of June 30, 2011 and they operate 12 banking offices. CBC is ranked 8th with a deposit market share of .66 percent. The market is dominated by Thomasville National Bank, with a deposit market share of 39 percent.

A community contact made for another bank operating in the assessment area indicated a need for small business capital. It was also noted that in portions of the county, particularly Thomasville, there is a large philanthropic community that provides significant support for local community development organizations.

Community development opportunities are limited in the assessment area. There is a revitalization effort going on in the downtown area of one of the distressed middle-income geographies that offers community development lending opportunities. As noted above, there are non-profit organizations operating in the assessment area, many of whom provide community development investment opportunities. They do, however, appear to limit opportunities for community development lending. Also, there are state-wide and regional community development opportunities available. Conditions and opportunities in the assessment area were taken into consideration during this evaluation.

SCOPE OF EVALUATION IN GEORGIA

The Thomas County assessment area received a full-scope review. We reviewed home mortgage, business, and consumer loans under the Lending Test. For the Community Development Test, we reviewed community development loans, investments, and services.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GEORGIA

LENDING TEST

The bank's performance under the lending test in Georgia is rated "needs to improve."

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

Because of very low loan volume in the assessment area, the level of lending shows very poor penetration in the assessment area. During the 30-month evaluation period, the bank originated only five home mortgage loans, one business loan, and seven consumer loans.

While this loan volume is not sufficient for a meaningful analysis, we did note that two of the home mortgage loans were to moderate-income borrowers and the business loan was to a small business (gross annual revenues of \$1 million or less). Also, two of the consumer loans were to low-income borrowers and two were to moderate-income borrowers.

Geographic Distribution of Loans

A geographic distribution analysis is not meaningful for the assessment area. Of the 11 geographies (census tracts) in the assessment area, there are no low-income geographies and one moderate-income geography. The moderate-income geography does not provide sufficient opportunity for lending for any one of the nine institutions operating there. It contains 657 owner-occupied housing units, 101 non-farm businesses, and 584 households.

Responses to Complaints

No complaints were received during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in Georgia is rated "satisfactory" given the limited opportunities in the assessment area.

Number and Amount of Community Development Loans

There are no community development loans in the Georgia assessment area.

Number and Amount of Qualified Investments

Community development investments represent adequate responsiveness to assessment area needs, given the bank's size, capacity to provide such investments, and the level of opportunities in the assessment area.

During the evaluation period, the bank made eight monetary donations totaling \$1,000 to organizations in the assessment area that provide community services targeted to low- and moderate-income residents. In addition, the assessment area benefitted from a portion of the mortgage-backed security discussed in the state of Florida portion of this examination. Of the loans in the pool, three loans totaling \$194 thousand were in the Georgia assessment area.

Extent to Which the Bank Provides Community Development Services

The extent to which the bank provides banking services and community development services is adequate given the bank's size and capacity to provide such services.

CBC's Thomas County office is located in the assessment area's only moderate-income geography. There are no low-income geographies in the assessment area. The office is open Monday through Thursday from 9:00 until 4:00, but remains open until 5:00 on Friday. There is no ATM or drive-thru at the branch location.

The bank provides products and services that are considered responsive to low- and moderate-income individuals and small businesses. CBC offers two types of low-cost personal checking accounts (Free Checking and Prestige Checking) with a \$100 minimum balance to open, no monthly maintenance fee, no required minimum balance, unlimited check writing, and unlimited debit card usage. The Prestige account, offered to those age 50 and above, also provides free classic checks. Likewise, CBC offers a low-cost business checking account with a \$100 minimum balance to open; no monthly maintenance fee and the first 500 items are free. The fee for items in excess of 500 is \$.30 per item. During the evaluation period, of the 66 new personal checking accounts opened in the Thomas County assessment area, 64, or 97 percent, were the free accounts. Of the 12 new business checking accounts opened, nine, or 75 percent, were the free accounts.

During the evaluation period, several community volunteer hours were recorded, but we were unable to determine if these hours had a benefit to the low- and moderate-income residents of the assessment area. Therefore, no consideration could be given to these activities.

Responsiveness to Community Development Needs

Considering the bank's size, capacity, and the level of assessment area opportunities, CBC's community development performance demonstrates adequate responsiveness to community development needs through its community development services and

community development investments. Community development investments primarily help to meet affordable housing needs. Community development services provide low-cost checking account products for both individuals and businesses in the moderate-income geography where the bank is located.

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: (06/01/09 to 12/31/11) Community Development Test: (06/01/09 to 07/16/12)	
Financial Institution	Products Reviewed	
CBC National Bank	Mortgage Loans Business Loans Consumer Loans Community Development Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Florida Nassau County	Full-Scope	
South Carolina Beaufort County	Full-Scope	
Georgia Thomas County	Full-Scope	

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
CBC National Bank	Satisfactory	Outstanding	Satisfactory
Florida	Satisfactory	Outstanding	Satisfactory
South Carolina	Satisfactory	Outstanding	Satisfactory
Georgia	Needs to Improve	Satisfactory	Needs to Improve