



## **PUBLIC DISCLOSURE**

October 02, 2017

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

Coastal Carolina National Bank  
Charter Number 24861

1012 38th Avenue North, Suite 100  
Myrtle Beach, SC 29577

Office of the Comptroller of the Currency

ADC-Charlotte (8116) Field Office  
212 South Tryon St. Suite 700  
Charlotte, NC 28281

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

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## **Overall CRA Rating: Satisfactory**

**The Lending Test is rated: Satisfactory.**

Coastal Carolina National Bank performance rating is supported by the following factors:

- The bank's loan-to-deposit ratio is reasonable given the economic condition of the bank's assessment areas (AAs), the bank's financial condition, and the limited availability of lending opportunities in the bank's AAs.
- The bank originates a substantial majority of loans inside the AAs.
- The distribution of loans to borrowers of different income levels reflects reasonable penetration.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.

## 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 generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**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 conduct 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 applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), 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 five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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 Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties 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) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

Coastal Carolina National Bank (CCNB or bank) is a locally owned intrastate bank that has been in operation since June 2009. CCNB is a wholly owned subsidiary of Coastal Carolina Bancshares, a one-bank holding company established in February 2008. Both the bank and holding company are headquartered in Myrtle Beach, South Carolina. There are no other subsidiaries held by the bank or its holding company.

During October 2016, CCNB acquired VistaBank, a state-chartered bank headquartered in Aiken, South Carolina, which was primarily a small business lender. The merger with a non-coastal institution was done to help diversify the bank's portfolio that was heavily dependent on tourism and real estate. As a result of the merger, CCNB is now offering more commercial and industrial (C&I) loans. In addition, the bank gained two additional AAs, the Lexington/Richland County AA and Aiken County AA as a result of the merger.

CCNB now operates six full service branch offices and one loan production office. Four of the six full service branches are located in Horry County, one in Aiken County, and one in Richland County. The loan production office is located in Greenville, SC, which opened in October 2016. The bank offers a variety of traditional loan and deposit products. Home mortgage loans are offered for the purchase, refinance, and construction of residential dwellings. In addition, business loans are available for various purposes including business acquisitions, inventory financing, real estate acquisitions, and purchase of equipment.

As of December 31, 2016, CCNB reported \$286 million in assets, \$214.8 million in net loans (which is 75 percent of total assets), \$254.5 million in total deposits, and \$24.5 million of Tier One capital. The distribution of the bank's loan portfolio is as follows: 57 percent commercial real estate (including C & I loans), 37 percent home mortgage loans, 4 percent consumer loans, and 2 percent farm loans.

The bank's three AAs consist of the Myrtle Beach-Conway, North Myrtle Beach, SC-NC, MSA, the Lexington/Richland County AA and Aiken County AA. The AAs meet the technical requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas. Refer to Appendix B for details of the AAs.

CCNB's lending operations continue to see positive signs in the Myrtle Beach, Columbia, and Aiken economies. Tourism continues to show positive trends in the Myrtle Beach market and is forecasted to continue improving. However, CCNB faces strong competition from other financial institutions in its AA. Based on the combined Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report for the AAs as of June 30, 2017, CCNB ranks fifteenth amongst its 30 competitors, holding 1.01 percent of the deposit market. Three other institutions hold 60 percent of the market share in the AA, including Wells Fargo, Bank of America, and Branch Banking and Trust Company (BB&T).

There are no legal, financial or other factors impeding CCNB's ability to help meet the credit needs of its AAs. CCNB's CRA performance was rated Satisfactory at the preceding CRA public evaluation dated April 24, 2012.

## **Scope of the Evaluation**

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

We evaluated CCNB's performance using the Small Bank CRA examination procedures, which includes a lending test. The lending test evaluates the bank's record of meeting the credit needs of its AA through its lending activities.

Based on our analysis of the bank's lending activity during the evaluation period, we determined that home mortgage loans represents the bank's primary lending product. We analyzed home mortgage loans that the bank reported under the Home Mortgage Disclosure Act (HMDA) for the period of January 1, 2014 through December 31, 2016. The evaluation period for the loan-to-deposit ratio is March 31, 2012 through December 31, 2016.

### **Data Integrity**

In April 2017, we tested the accuracy of the bank's HMDA data reported for calendar years 2014 through 2016. The bank's processes and procedures for HMDA data collection, verification, and reporting are adequate. Our review found the bank's HMDA data to be reliable for evaluating the bank's CRA performance.

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

Based on our review of HMDA and CRA data, branch dispersion, deposit market share, and demographic information, we selected the Myrtle Beach-Conway, North Myrtle Beach, SC-NC MSA AA to receive a full-scope review. We conducted a limited scope review on the Lexington/Richland Counties AA and Aiken County AA.

### **Ratings**

The bank's overall rating is based primarily on the area that received a full-scope review. We assigned greater weight to the bank's performance in the Myrtle Beach-Conway, North Myrtle Beach, SC-NC MSA, as this represents the majority of the bank's home mortgage loans (89 percent) and deposits (78 percent) originated within this AA.

## **Discriminatory or Other Illegal Credit Practices Review**

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

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

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

## Conclusions with Respect to Performance Tests

To complete the Lending Test, we analyzed the bank’s loan-to-deposit ratio, lending inside the AA, borrower and geographic distribution, and responsiveness to complaints. We also considered the demographic data, local economic conditions, competition, and information provided by the community contact within the AA.

### LENDING TEST

CCNB’s performance under the Lending Test is “Satisfactory.” This conclusion is based on the results of the following specific lending tests used to determine if the bank is meeting the credit needs of the AA. We placed more emphasis on the bank’s performance in the Myrtle Beach-Conway, North Myrtle Beach, SC-NC MSA AA since the bank generates a majority of its home loans and deposits within this AA.

#### Loan-to-Deposit Ratio

CCNB’s net loan-to-deposit ratio (LTD) is reasonable given the bank’s size, financial condition, and AA credit needs. The bank’s net LTD ratio averaged 76.38 percent over the 20 quarters since the last CRA examination, with a quarterly low of 64.81 percent and a quarterly high of 84.46 percent. During our evaluation period, the ratio gradually increased, reaching its quarterly high during the fourth quarter of 2016 when the bank merged with VistaBank. During 2016, the loan portfolio grew by 77 percent to \$215.2 million and deposits grew by 67 percent to \$254.3 million.

CCNB’s net LTD ratio compares reasonably to the quarterly average net LTD ratio among banks of similar size, location, and product offerings in South Carolina, with an average of 64.37 percent. The peer average ratios ranged from a high of 92.11 percent to a low of 51.26 percent.

#### Lending in Assessment Area

CCNB originates a substantial majority of loans inside the AAs. The following table details the bank’s lending within the AAs by number and dollar amount of loans originated during the evaluation period.

<b>Lending in Myrtle Beach-Conway, North Myrtle Beach, SC-NC MSA AA, Lexington/Richland County AA, and Aiken County AA - Aggregate</b>										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	396	93.40%	28	6.60%	424	\$71,520	88.71%	\$9,098	11.29%	\$80,618
Home Refinance	118	87.41%	17	12.59%	135	\$24,868	81.46%	\$5,584	18.34%	\$30,452
Home Improvement	0	0	1	100%	1	0	0	\$74	100%	\$74
<b>Totals</b>	514	91.79%	46	8.21%	560	\$101,756	91.55%	\$9,388	8.45%	\$111,144

Source: Banks HMDA/CRA Data 1/1/2014 – 12/31/2016.

## Lending to Borrowers of Different Incomes

The overall distribution of loans reflects a reasonable penetration among individuals of different income levels, given the bank's product offerings and local economic conditions. In our analysis, we placed greater weight on the Myrtle Beach-Conway, North Myrtle Beach, SC-NC MSA AA than the limited-scope AAs since the majority of the bank's lending is concentrated in Horry County. There are no branches in Brunswick County.

### *Home Mortgage Loans*

The bank's distribution of home mortgage loans to borrowers reflects reasonable penetration among borrowers of different income levels in the AA. The total percentage of home mortgage loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. The total percentage of home mortgage loans to moderate-income borrowers is significantly lower than the percentage of moderate-income families in the AA. While CCNB's lending to low- and moderate-income families was below demographic comparators, we considered several mitigating factors impacting the AA. We took into consideration the poverty rate in the AA. According to 2010 U.S. Census data, the poverty rate in the AA is 14 percent when compared to 20 percent of the AA families that are low-income, this may impact the bank's ability to lend to low- and moderate-income borrowers. The HUD 2010 adjusted median family income for the AA was \$53,616. Low- and moderate-income borrowers are those with incomes of \$26,808 and below and \$42,893 and below, respectively. With the high Median Housing Value of \$209,366, and high amount of competition within the AA, the lending opportunities among low-and moderate-income individuals are limited.

Based on our analysis on the limited-scope review for the Lexington/Richland Counties AA and the Aiken County AA, we determined that the bank's performance in these counties is not consistent with its performance in the Myrtle Beach-Conway, North Myrtle Beach, SC-NC MSA.

The following table details the percentage of home mortgage loans among borrowers of different income levels as compared to the percentage of families by income level residing in the AA.

<b>Borrower Distribution of Home Mortgage Loans in Horry-Brunswick AA</b>								
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 Mortgage	20.37%	1.65%	17.58%	5.77%	21.55%	13.20%	40.55%	79.38%

*Source: HMDA Data and 2010 U.S. Census data; the percentage loans for which borrowers income was reported.*

The following table details the percentage of home mortgage loans among borrowers of different income levels as compared to the percentage of families by income level in the limited-scope AAs.

<b>Borrower Distribution of Home Mortgage Loans in Lexington-Richland County AA</b>								
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 Mortgage	20.36%	0%	16.85%	0%	20.33%	0%	42.47%	100%

Source: HMDA Data and 2010 U.S. Census data; total includes 5 loans and only 2 with borrower income information.

<b>Borrower Distribution of Home Mortgage Loans in Aiken County AA</b>								
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 Mortgage	22.87%	0%	15.49%	0%	18.45%	0%	43.19%	100%

Source: HMDA Data and 2010 U.S. Census data; total includes 8 loans and only 4 with borrower income information.

## Geographic Distribution of Loans

The overall geographic distribution of home mortgage loans reflects a reasonable dispersion throughout the bank's AA. In assessing geographic distribution, we took into consideration that there are few low-income census tracts within the AAs, and that the majority of the owner-occupied housing units and businesses are located in the middle-income census tracts. In our analysis we determined that a large percentage of the lending in Brunswick County are in the middle- and upper-income census tracts adjacent to bank's branch in North Myrtle Beach located in Horry County. Therefore, we placed greater weight on the Myrtle Beach-Conway, North Myrtle Beach, SC-NC MSA AA than the limited-scope AAs.

### Home Mortgage Loans

The bank's geographic distribution of home mortgage loans reflects a reasonable dispersion throughout the AA. The distribution of home mortgage loans in the low-income geography exceeds the percentage of owner-occupied housing in the low-income geography. The distribution of home mortgage loans in the moderate-income geography is significantly lower than the percentage of owner-occupied housing in the moderate-income geography. While CCNB's lending to moderate-income geographies was below the demographic comparator, we considered several factors impacting the AA. The majority of CCNB's home mortgage loans originated in the middle-income tracts, where the largest percentage of the AA's owner occupied housing units are located. In addition, the majority of the bank's branches are not in close proximity to the moderate-income census tracts.

Based on our analysis on the limited-scope review for the Lexington/Richland Counties AA and the Aiken County AA we determined that the bank's performance in these counties is not consistent with its performance in the Myrtle Beach-Conway, North Myrtle Beach, SC-NC MSA.

The following table details the percentage of home mortgage loans in the AA compared to the percentage of owner-occupied housing units in each census tract income level in the full scope AA.

<b>Geographic Distribution of Home Mortgage Loans in Myrtle Beach-Conway, North Myrtle Beach, SC-NC MSA AA</b>								
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 Mortgage	0.51%	2.79%	14.99%	2.79%	60.95%	61.68%	23.55%	32.73%

Source: HMDA data for 1/1/2014-12/31/2016 and 2010 U.S. Census data

The following table details the percentage of home mortgage loans in the AA compared to the percentage of owner-occupied housing units in each census tract income level in the limited scope AAs.

<b>Geographic Distribution of Home Mortgage Loans in Lexington/Richland Counties AA</b>								
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 Mortgage	1.21%	0	20.48%	20.00%	37.02%	0	41.29%	80.00%

Source: HMDA data for 1/1/2014-12/31/2016 and 2010 U.S. Census data; total includes 5 loans.

<b>Geographic Distribution of Home Mortgage Loans in Aiken County AA</b>								
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 Mortgage	2.04%	0	24.17%	12.50%	42.10%	62.50%	31.68%	25.00%

Source: HMDA data for 1/1/2014-12/31/2016 and 2010 U.S. Census data; total includes 8 loans.

## Responses to Complaints

CCNB did not receive any complaints related to the bank's performance in meeting the credit needs of the AA during the evaluation period.

## 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 nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (01/01/14 to 12/31/16)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Coastal Carolina National Bank (CCNB) Myrtle Beach, South Carolina	Home Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A; No affiliates include in the evaluation.	N/A	N/A
<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, SC-NC, MSA	Full Scope	All of Horry and Brunswick Counties.
Lexington/Richland Counties AA	Limited Scope	All of Lexington and Richland Counties.
Aiken County AA	Limited Scope	All of Aiken County.

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

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

Demographic Information for Full-Scope Area: Myrtle Beach-Conway, North Myrtle Beach, SC-NC, MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	105	1.90	15.24	57.14	22.86	2.86
Population by Geography	157,466	1.56	16.03	61.09	21.32	N/A
Owner-Occupied Housing by Geography	252,321	.51	14.99	60.95	23.55	2.44
Businesses by Geography	24,529	4.37	14.53	56.23	24.44	0.42
Farms by Geography	790	0.63	17.22	64.94	17.09	0.13
Family Distribution by Income Level	104,103	1.30	16.07	60.66	21.96	N/A
Distribution of Low- and Moderate-Income Families throughout AA Geographies	39,510	2.64	24.13	58.77	14.45	N/A
Median Family Income HUD Adjusted Median Family Income for 2010 Families Below the Poverty Level	\$53,000 \$53,616 14.2%	Median Housing Value Unemployment Rate				\$209,366 5.19%

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

The Myrtle Beach-Conway, North Myrtle Beach, SC-NC, MSA AA is comprised of all of Horry and Brunswick County. According to the 2010 U.S. Census data, the bank's AA includes 105 census tracts. This includes 2 low-income tracts, 16 moderate-income tracts, 60 middle-income tracts, and 24 upper-income tracts. Three census tracts are not categorized and thus listed as N/A. The 2010 Census Median Family Income (MFI) during 2016 was \$53,616 and the Median Housing Value is \$209,366. Brunswick County has no low-income tracts, 4 moderate-, 4 middle-, and 3 upper-income tracts. The bank has no branches in Brunswick; however, the North Myrtle Beach Branch in Horry County is adjacent to Brunswick County.

According to U.S. Bureau of Labor Statistics, as of December 2016 the unemployment rate for Horry County was 5.6 percent compared to the South Carolina statewide unemployment rate of 5.1 percent. Top employers in Horry County include Horry County School District, Horry County Government, Coastal Carolina University, Conway Medical Center, and Grand Strand Regional Medical Center. Top employers in Brunswick County includes Brunswick Co Board of Education, County of Brunswick, Progress Energy Service Co, and Walmart Associates Inc. According to the FDIC Deposit Market Share Report as of June 30, 2017, CCNB ranks 14<sup>th</sup> among its 25 competitors within the MSA holding 2.59 percent of the deposit market. Branch Banking and Trust (BB&T) and Conway National Bank remain ranked 1<sup>st</sup> and 2<sup>nd</sup> holding 23.53 percent and 10.46 percent, respectively, within the MSA.

CCNB does face competition from other financial institutions within the AA. According to the 2015 Peer HMDA Mortgage Data, 523 lenders originated home mortgage loans in the AA. These lenders include regional commercial banks, credit unions, and mortgage companies. The top lenders were Wells Fargo Bank, NA ranking 1<sup>st</sup> with 10.86 percent and BB&T ranking 2<sup>nd</sup> with 7.92 percent.

During this evaluation, we relied on an economic development organization to determine the credit needs of the AA. This organization was founded to function as a vital comprehensive resource for location and expansion assistance and to facilitate development programs throughout Horry County. According to the representative, job creation is the biggest need and to diversify the economy by attracting industries outside of retail or hospitality businesses with higher wages. Though tourism will continue to be the area’s largest economic engine, the corporation believes providing jobs in advanced manufacturing, aerospace, marine, technology, and health-care will provide the community with economic diversification, while creating year round employment opportunities.

## Community Profile for the Limited Scope Areas

### Lexington/Richland Counties AA

Demographic Information for Coastal Carolina National Bank Lexington-Richland Counties AA					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	163 (5 NA)	6.13 (10)	25.77 (42)	33.13 (54)	31.90 (52)
Population by Geography	646,894	4.24	23.01	34.61	35.39
Owner Occupied Housing by Geography	161,955	1.21	20.48	37.02	41.29
Household Distribution by Income Level	155,623	20.36	16.85	20.33	42.47
2010 Census Median Family Income (MFI)	\$65,566	Median Housing Value		\$152,511	
FFIEC Updated MFI: 2016	\$62,900	Families Below Poverty Level		12.76%	

The Lexington/Richland AA is comprised of two complete counties, Lexington and Richland Counties. According to the 2010 U.S. Census data, the bank’s AA includes 163 census tracts. This includes 10 low-income tracts, 42 moderate-income tracts, 54 middle-income tracts, and 52 upper-income tracts. Five census tracts not categorized and are listed as N/A. The 2010 Census MFI during 2016 was \$65,566 and the Median Housing Value is \$152,511. The 2010 U.S. Census Data reported the total population of the AA at 646,895. This population was comprised of 242,357 households and 155,623 families. There are 267,674 housing units, of which 72.74 percent are 1-4

family units. Owner-occupied housing is 60.50 percent, rental-occupied housing is 30.04 percent, and vacant housing is 9.46 percent.

As of December 2016, the U.S. Bureau of Labor Statistics unemployment rate for Lexington and Richland Counties was 4.0 percent and 4.7 percent, respectively, when compared to the South Carolina statewide unemployment rate of 5.1 percent. Top employers in Lexington County include Lexington Medical Center, Amazon.com Fulfillment Center, Michelin North America Inc., and General Information Services. Top employers in Richland County include Palmetto Health, BlueCross BlueShield of SC, University of SC, and Richland School District 1 and 2.

### **Aiken County AA**

<b>Demographic Information for Coastal Carolina National Bank Aiken County AA</b>					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	33 (1 NA)	3.03 (1)	27.27 (9)	42.42 (14)	24.24 (8)
Population by Geography	169,099	3.69	27.97	41.07	27.45
Owner Occupied Housing by Geography	45,491	2.04	24.17	42.10	31.68
Household Distribution by Income Level	43,274	22.87	15.49	18.45	43.19
2010 Census Median Family Income (MFI)		\$59,171	Median Housing Value		\$126,532
FFIEC Updated MFI: 2016		\$58,500	Families Below Poverty Level		16.63

The Aiken County AA is comprised of all of Aiken County. According to the 2010 U.S. Census data, the bank's AA includes 33 census tracts. This includes 1 low-income tracts, 9 moderate-income tracts, 14 middle-income tracts, and 8 upper-income tracts. One census tract is not categorized and thus listed as N/A. The 2010 Census MFI during 2016 was \$59,171 and the Median Housing Value was \$126,532. The 2010 U.S. Census Data reported the total population of the AA at 160,099. This population was comprised of 62,072 households and 43,274 families. There are 70,788 housing units, of which 71.48 percent are 1-4 family units. Owner-occupied housing is 64.26 percent, rental-occupied housing is 23.42 percent, and vacant housing is 12.31 percent.

As of December 2016, the unemployment rate for Aiken County 4.8 percent compared to the South Carolina statewide unemployment rate of 5.1 percent. Top employers in Aiken County include Department of Energy Savannah River Site, Amick Farms, Bridgestone PSR Plant, and Kimberly-Clark Corp Beech Island.