



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

February 22, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bankmeridian, National Association
Charter Number: 24625

1320 Main Street, Suite 175
Columbia, SC 29201-0000

Office of the Comptroller of the Currency

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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, 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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

Major factors supporting the institution's rating include:

- The bank's quarterly average net loan-to-deposit ratio is more than reasonable.
- A substantial majority of loans were made within the bank's assessment areas.
- The bank's lending to businesses of different sizes exhibits reasonable penetration in their assessment areas.
- The bank's geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels.
- There have been no complaints with respect to the bank's CRA performance.
- With consideration to the bank's inexperience as an Intermediate Small Bank, the bank's community development performance demonstrates adequate responsiveness to the community development needs of its assessment areas.

Scope of Examination

BankMeridian, National Association (BankMeridian) was evaluated under the Intermediate Small Bank examination procedures, which include a Lending Test and a Community Development (CD) Test. The Lending Test evaluates the bank's record of meeting the credit needs of its assessment areas (AAs) through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and community development services.

The Lending Test for BankMeridian covers its performance from January 1, 2007 through December 31, 2009, as this is representative of the bank's lending strategy. The evaluation period for the Community Development Test spanned from the bank's opening date of May 18, 2006 through December 31, 2009.

BankMeridian's primary loan product is small business loans, as they are predominately a commercial lender. Home Mortgage Disclosure Act (HMDA) data was tested and found to be reliable; however, the bank does not report small business data for HMDA purposes. Therefore, we selected a sample of business loans originated between January 1, 2007 and December 31, 2009 to evaluate the bank's business lending performance. Home mortgage lending was not reviewed for this examination, as the products are outside of the bank's strategic focus.

Description of Institution

BankMeridian is an intrastate banking institution headquartered in Columbia, South Carolina. The bank is independent of holding company ownership and has no operating affiliates. As of December 31, 2009, the bank had total assets of \$280 million and tier one capital of \$21 million.

BankMeridian commenced operations in May 2006 with the introduction of two full-service branches. The Main Street branch was opened in downtown Columbia, SC to service the banking needs of Richland and Lexington Counties. The location also serves as the bank's main office. Concurrently, a temporary branch was opened on Palmetto Bay Road in Hilton Head Island, SC to service the banking needs of Beaufort County. The site was utilized temporarily until the current branch opened on William Hilton Parkway. Finally, the bank entered the Spartanburg County market in October 2007 with the introduction of its full-service branch located on South Liberty Street. The bank continues to operate solely out of the three aforementioned branches, and has not participated in any merger or acquisition activities.

The bank's primary loan products are targeted toward small and midsize businesses, as well as to professionals, which is consistent with the bank's strategic focus as a commercial lender. BankMeridian also offers a selection of consumer loans, such as automobile and personal loans. However, home mortgage loans are brokered and not retained on the bank's balance sheet.

As of December 31, 2009, BankMeridian reported net loans and leases of \$233 million, representing approximately 83 percent of total assets. The distribution of the bank's loan portfolio is as follows: commercial and commercial real estate (66%), secured by one to four family residential properties (31%), agriculture (2%) and consumer/other (1%). The majority of loans secured by one to four family residential properties are not owner-occupied and are used for commercial purposes; therefore, these loans are not indicative of home mortgage lending.

BankMeridian also offers a wide range of deposit services and products that include: business savings and checking accounts, NOW accounts, commercial money market accounts, personal savings and checking accounts, certificates of deposit, and online banking featuring bill payment. All branches are open Monday through Friday, from 8:30 a.m. to 5:30 p.m. Additional information about branch locations, products, services and fees is available at the bank's website: <http://www.bank-meridian.com>.

There are no financial circumstances or legal impediments, other than legal lending limits, which would adversely impact the bank's ability to meet the credit needs of its assessment areas. This is the bank's first CRA examination; therefore, no prior CRA rating is available.

Description of Assessment Area(S)

BankMeridian has three designated assessment areas (AAs) located in South Carolina: Richland/Lexington County, Beaufort County and Spartanburg County. The AAs satisfy the technical requirements of the CRA and do not arbitrarily exclude low- or moderate-income census tracts. Each of the AAs received a full scope review for this examination, and is described in greater detail below:

Richland/Lexington County AA

The Richland/Lexington County AA is composed of two complete counties, Richland and Lexington Counties. The two contiguous counties are located centrally in South Carolina, and are member counties of the larger Columbia, SC Metropolitan Statistical Area (MSA). This assessment area is home to one full service branch, which is located in an unknown-income census tract in downtown Columbia. The branch location also serves as the bank's main office and headquarters. The following table highlights the demographic composition of the AA:

Demographic Information for the Richland/Lexington County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	121	7.44	27.27	34.71	28.93	1.65
Population by Geography	536,691	3.87	25.39	35.56	34.21	0.97
Owner-Occupied Housing by Geography	138,033	1.19	20.91	36.92	40.98	0.01
Business by Geography	43,920	5.07	21.99	32.81	35.78	4.35
Farms by Geography	880	1.59	20.57	41.25	35.57	1.02
Family Distribution by Income Level	137,049	19.36	17.15	21.85	41.64	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	50,040	6.24	36.00	37.88	19.89	0.00
Median Family Income		49,202	Median Housing Value		100,965	
HUD Adjusted Median Family Income for 2008		59,200	Unemployment Rate		8.7% - Lexington	
Households Below Poverty Level		11%			10.0% - Richland	

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

Source: 2000 US Census, 2008 HUD updated MFI and Bureau of Labor Statistics as of December 2009

Competition in the Richland/Lexington County AA is strong. Competitors in the AA include community and large national/regional financial institutions, savings and loan associations, credit unions, finance companies, and mortgage banking firms. As of June 30, 2009, the Federal Deposit Insurance Corporation reported 24 deposit-taking financial institutions, with 180 offices, operating within the assessment area. BankMeridian ranks tenth in deposit market share with 1.09 percent of the assessment area's \$13.1 billion in deposits. The bank also claims 0.10 percent of the lending volume market share, which ranks the bank 100 out of 380 total lending institutions in the AA.

The primary industries within the Columbia, South Carolina MSA are state and local government, military, insurance, and health care. The top private employers in the Columbia, South Carolina MSA are Fort Jackson, Palmetto Health, Blue Cross/Blue Shield of South Carolina, University of South Carolina, and SCANA.

In conducting the assessment of the bank's performance, information gathered from two local community organizations was utilized. They characterized the economy as deteriorating, but better than the state as a whole. The contacts stated that most business lending needs are satisfied in the AA; however, there is a need for loans for start-up businesses. Although there are many community service organizations in the AA, current community development needs include multi-family affordable housing loans and community services to the many low- and moderate-income families in the local area such as low-cost day care for working parents, assistance with home heating costs, and job training programs.

Beaufort County AA

The Beaufort County AA is composed of the complete county of Beaufort, which is independent of MSA affiliation. The county is located on the southernmost part of the state, along the Atlantic coast. Beaufort County is physically divided in half by the Broad River, but the two sides of the county are connected by the Broad River Bridge (South Carolina Highway 170). This assessment area is home to one full service branch, which is located in an upper-income census tract in Hilton Head Island. The following table highlights the demographic composition of the AA:

Demographic Information for the Beaufort County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	27	0.00	7.41	33.33	59.26	0.00
Population by Geography	120,937	0.00	7.67	42.01	50.32	0.00
Owner-Occupied Housing by Geography	33,363	0.00	7.78	30.10	62.12	0.00
Business by Geography	12,764	0.00	3.69	28.89	67.42	0.00
Farms by Geography	278	0.00	6.12	28.06	65.83	0.00
Family Distribution by Income Level	33,397	12.77	13.07	17.56	56.61	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	8,628	0.00	14.79	47.87	37.34	0.00
Median Family Income		38,927	Median Housing Value		198,322	
HUD Adjusted Median Family Income for 2008		46,500	Unemployment Rate		9.3%	
Households Below Poverty Level		10%				

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

Source: 2000 US Census, 2008 HUD updated MFI and Bureau of Labor Statistics as of December 2009

Competition in the Beaufort County AA is strong. Competitors in the AA include community and large national/regional financial institutions, savings and loan associations, credit unions, finance companies, and mortgage banking firms. As of June 30, 2009, the Federal Deposit Insurance Corporation reported 25 deposit-taking financial institutions, with 76 offices, operating within the assessment area. BankMeridian ranks twentieth in deposit market share with 1.24 percent of the assessment area's \$3.5 billion in deposits. The bank also claims 0.16 percent of the lending volume market share, which ranks the bank 68 out of 349 total lending institutions in the AA.

The primary industries within the Beaufort County AA are state and local government, military, tourism, retail, and health care. The top private employers in Beaufort County are the Beaufort County School District, the United States Marine Corps, Wal-Mart Associates, Beaufort Memorial Hospital and the County of Beaufort.

A community contact characterized the business environment within the assessment area as declining due to the economic downturn. They identified a need for lending to small businesses in the assessment area.

Spartanburg County AA

The Spartanburg County AA is composed of the complete county of Spartanburg. The county is also a component of the larger Spartanburg, SC MSA. Located in the northernmost part of South Carolina, Spartanburg County is adjacent to neighboring North Carolina. This assessment area is home to one full service branch, which is located in a low-income census tract in the city of Spartanburg. The following table highlights the demographic composition of the AA:

Demographic Information for the Spartanburg County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	51	11.76	19.61	54.90	13.73	0.00
Population by Geography	253,791	4.57	15.95	64.23	15.25	0.00
Owner-Occupied Housing by Geography	70,354	1.89	12.54	69.00	16.57	0.00
Business by Geography	17,981	6.21	16.95	56.14	20.70	0.00
Farms by Geography	435	0.46	10.34	70.57	18.62	0.00
Family Distribution by Income Level	69,753	20.05	18.24	22.52	39.19	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	26,705	7.05	21.60	62.39	8.97	0.00
Median Family Income		45,339	Median Housing Value		86,947	
HUD Adjusted Median Family Income for 2008		54,000	Unemployment Rate		12.7%	
Households Below Poverty Level		13%				

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

Source: 2000 US Census, 2008 HUD updated MFI and Bureau of Labor Statistics as of December 2009

Competition in the Spartanburg County AA is strong. Competitors in the AA include community and large national/regional financial institutions, savings and loan associations, credit unions, finance companies, and mortgage banking firms. As of June 30, 2009, the Federal Deposit Insurance Corporation reported 19 deposit-taking financial institutions, with 80 offices, operating within the assessment area. BankMeridian ranks sixteenth in deposit market share with 0.77 percent of the assessment area's \$4.2 billion in deposits. The bank also claims 0.19 percent of the lending volume market share, which ranks the bank 63 out of 274 total lending institutions in the AA.

The primary industries within the Spartanburg County AA are state and local government, health care and manufacturing. The top private employers in Spartanburg County are the Spartanburg County School District, Spartanburg Regional Medical Center, BMW Manufacturing Corporation, the State of South Carolina and Springs Industries.

In conducting the assessment of the bank's performance, information gathered from two local community organizations was utilized. They characterized the economy as

deteriorating and experiencing increasing rates of unemployment and poverty.

The contacts identified a need in the assessment area for increased small business lending, increased financial education for small businesses and increased volunteerism for the construction of low-income housing.

Conclusions with Respect to Performance Tests

The bank's overall CRA performance is Satisfactory. The Lending Test and Community Development Test are rated Satisfactory. The loan-to-deposit ratio is more than reasonable and a substantial majority of loans were made within the three defined assessment areas. BankMeridian's geographic distribution of loans exhibits reasonable dispersion and lending to businesses of different sizes exhibits reasonable penetration. Community development activities demonstrate adequate responsiveness to assessment area needs.

Several contributing factors were considered to determine the bank's cumulative CRA performance rating. First, business loans were the only product evaluated to determine the bank's performance under the Lending Test, as the bank is primarily a commercial lender. Next, performance in all assessment areas (AAs) was not treated equally. Greater emphasis was allocated to the bank's performance in the Richland/Lexington County AA, as it is the bank's primary lending market and home to the institution's main branch. The Spartanburg County AA was deemphasized because the bank did not enter the market until October 2007. The Spartanburg County AA generated approximately 19 percent of the lending activity during the evaluation period; therefore, the AA merited a full scope review. Finally, local economic conditions, relatively high local poverty and unemployment rates, and inexperience as an Intermediate Small Bank were also considered to determine the bank's overall CRA performance rating.

LENDING TEST

BankMeridian's performance under the Lending Test is rated Satisfactory. The bank's quarterly average net loan-to-deposit ratio is more than reasonable, considering the bank's size, financial condition, and the credit needs of the assessment areas (AAs). A substantial majority of loans were made within the bank's three AAs. BankMeridian's lending to businesses of different sizes exhibits reasonable penetration in their AAs. The bank's geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels.

All criteria of the Lending Test are documented below.

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio exceeds the standard for satisfactory performance.

BankMeridian’s quarterly average LTD ratio since the bank opened in May 2006 is 101.5 percent. This percentage is more than reasonable considering the bank’s asset size, financial condition, and lending opportunities in the assessment areas. During this time period, the ratio ranged from a quarterly low of 77.9 percent to a quarterly high of 113.8%.

The bank’s LTD ratio compares favorably with other community banks of similar size located in South Carolina. BankMeridian ranked first among a total of seven South Carolina community banks with asset sizes ranging from \$231 million to \$370 million. The other six banks had an average net loan-to-deposit ratio of 85.9 percent during the evaluation period. The comparable institutions exhibited an average LTD ratio that ranged from a low of 65.6 percent to a high of 98.1 percent.

Lending in Assessment Area

A substantial majority of loans were made within the bank’s three assessment areas, which meets the standard for outstanding performance. Performance for small business lending, the bank’s sole primary product, is detailed in the following table:

Assessment Area Lending (Evaluation Period January 1, 2007 to December 31, 2009)										
	Number of Loans					Dollars of Loans (thousands)				
	Inside		Outside		Total	Inside		Outside		Total
Small Business	60	92.3%	5	7.7%	65	35,635	89.9%	4,014	10.1%	39,649

Lending to Businesses of Different Sizes

BankMeridian’s lending to businesses of different sizes exhibits reasonable penetration in their assessment areas (AAs). Business lending was the sole primary product evaluated for this test, as the bank’s strategic focus is on commercial lending. Additional consideration was given to the bank’s performance context, which included strong competition in the AAs from other lending institutions, the bank’s limited presence in the AAs and the prevailing economic conditions in the AAs. Finally, performance in all AAs was not evaluated equally. Performance in the Richland/Lexington County AA was given greater emphasis, as the AA was the bank’s primary market during our evaluation period. Conversely, performance in the Spartanburg County AA was deemphasized, as the bank did not enter the market until October 2007 and generated less than 20 percent of their lending activity in the AA during the evaluation period.

Richland/Lexington County AA

BankMeridian’s distribution of loans in the AA demonstrated a reasonable penetration to borrowers of different sizes. Business loans were the only product evaluated in the AA, which is indicative of the bank’s strategic focus as a commercial lender.

Business Loans

The distribution of loans to businesses of different sizes reflects reasonable penetration. Approximately 65 percent of the bank’s sampled loans to businesses during the evaluation period were made to small businesses. Small businesses are businesses with gross annual revenues of one million dollars or less. This is considered satisfactory compared to demographic data that identifies 75 percent of the area’s businesses as small businesses. The distribution of loans by dollar amount was also reviewed to determine the bank’s distribution adequacy. Forty-five (45) percent of the business loans in our sample were loans under \$250 thousand, which provides additional support for a reasonable distribution of loans to small businesses.

The following tables illustrate the distribution of commercial loans among different sized businesses in the AA.

Borrower Distribution of Loans to Businesses in Richland/Lexington County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses	75.13	4.50	20.37	100
% of Bank Loans in AA by #	65.00	30.00	4.00	100
% of Bank Loans in AA by \$	38.39	36.86	24.76	100

Source: Loan sample; Dunn and Bradstreet data.

Borrower Distribution of Loans to Businesses by Loan Size in Richland/Lexington County AA				
Loan Size (000’s)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	5	25	360,000	3
\$100,001 - \$250,000	4	20	822,300	6
\$250,001 - \$500,000	3	15	1,135,000	9
\$500,001 - \$1,000,000	6	30	4,497,900	35
Over \$1,000,000	2	10	5,950,000	47
Total	20	100	12,765,200	100

Source: Loan Sample

Beaufort County AA

BankMeridian’s distribution of loans in the AA demonstrated a reasonable penetration to borrowers of different sizes. Business loans were the only product evaluated in the AA, which is indicative of the bank’s strategic focus as a commercial lender.

Business Loans

The distribution of loans to businesses of different sizes reflects reasonable penetration. Approximately 50 percent of the bank’s sampled loans to businesses during the

evaluation period were made to small businesses. Small businesses are businesses with gross annual revenues of one million dollars or less.

This is considered satisfactory compared to demographic data that identifies 77 percent of the area’s businesses as small businesses. The distribution of loans by dollar amount was also reviewed to determine the bank’s distribution adequacy. Fifty-five (55) percent of the business loans in our sample were loans under \$250 thousand, which provides additional support for a reasonable distribution of loans to small businesses.

The following tables illustrate the distribution of commercial loans among different sized businesses in the AA.

Borrower Distribution of Loans to Businesses in Beaufort County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses	76.67	4.29	19.04	100
% of Bank Loans in AA by #	50.00	35.00	15.00	100
% of Bank Loans in AA by \$	43.59	39.92	16.49	100

Source: Loan sample; Dunn and Bradstreet data.

Borrower Distribution of Loans to Businesses by Loan Size in Beaufort County AA				
Loan Size (000’s)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	5	25	190,927	1
\$100,001 - \$250,000	6	30	1,155,500	8
\$250,001 - \$500,000	4	20	1,313,400	9
\$500,001 - \$1,000,000	2	10	1,469,814	10
Over \$1,000,000	3	15	10,920,000	73
Total	20	100	15,049,641	100

Source: Loan Sample

Spartanburg County AA

BankMeridian’s distribution of loans in the AA demonstrated a reasonable penetration to borrowers of different sizes. Business loans were the only product evaluated in the AA, which is indicative of the bank’s strategic focus as a commercial lender.

Business Loans

The distribution of loans to businesses of different sizes reflects excellent penetration. Approximately 70 percent of the bank’s sampled loans to businesses during the evaluation period were made to small businesses. Small businesses are businesses with gross annual revenues of one million dollars or less. This is considered outstanding compared to demographic data that identifies 75 percent of the area’s businesses as small businesses. The distribution of loans by dollar amount was also reviewed to determine the bank’s distribution adequacy. Seventy (70) percent of the business loans in our sample were loans under \$250 thousand, which provides

additional support for a reasonable distribution of loans to small businesses.

The following tables illustrate the distribution of commercial loans among different sized businesses in the AA.

Borrower Distribution of Loans to Businesses in Spartanburg County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses	75.01	5.17	19.82	100
% of Bank Loans in AA by #	70.00	15.00	15.00	100
% of Bank Loans in AA by \$	52.53	39.19	8.27	100

Source: Loan sample; Dunn and Bradstreet data.

Borrower Distribution of Loans to Businesses by Loan Size in Spartanburg County AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	11	55	708,150	9
\$100,001 - \$250,000	3	15	552,400	7
\$250,001 - \$500,000	2	10	940,000	12
\$500,001 - \$1,000,000	2	10	1,420,000	18
Over \$1,000,000	2	10	4,200,000	54
Total	20	100	7,820,550	100

Source: Loan Sample

Geographic Distribution of Loans

BankMeridian's geographic distribution of loans reflects a reasonable dispersion throughout census tracts of different income levels. Business lending was the sole primary product evaluated, as the bank is primarily a commercial lender. The evaluation of the bank's performance was concentrated on lending to businesses that reside in low- and moderate-income census tracts. In particular, we compared the volume of bank lending to businesses in low- and moderate-income census tracts with the percentage of businesses located in low- and moderate-income census tracts. No conspicuous gaps or areas of low penetration were identified.

Richland/Lexington County AA

The bank's geographic distribution of loans in the AA reflects an excellent dispersion throughout census tracts of different income levels. Business loans were the sole primary product evaluated for this test, as the bank is primarily a commercial lender.

Business Loans

The bank's geographic distribution of business loans reflects an excellent dispersion throughout census tracts of different income levels. Lending to businesses located in

low-income census tracts was deemphasized, due to the minimal percentage of businesses residing within.

However, the bank’s lending to businesses in moderate-income census tracts greatly exceeded the percentage of businesses residing within.

The following table details the bank’s performance as compared to the percentage of businesses in each census tract income level.

Geographic Distribution of Loans to Businesses in Richland/Lexington County AA								
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
Business	5.07	0.00	21.99	35.00	32.81	15.00	35.78	45.00

Source: Loan sample; Dunn and Bradstreet

**2 census tracts (1.65%) in the AA did not report income levels*

Beaufort County AA

The bank’s geographic distribution of loans in the AA reflects a reasonable dispersion throughout census tracts of different income levels. Business loans were the sole primary product evaluated for this test, as the bank is primarily a commercial lender.

Business Loans

The bank’s geographic distribution of business loans reflects a reasonable dispersion throughout census tracts of different income levels; although, no loans in our sample were made to businesses residing within low- or moderate-income census tracts. Lending opportunities to businesses in low- and moderate-income census tracts were extremely limited, as there were no low-income census tracts, and only two (2) moderate-income census tracts, in the AA during our evaluation period. An additional barrier to lending was provided by the extremely limited number of businesses located in moderate-income census tracts and the strong competition for lending opportunities from other lending institutions in the AA. Finally, the results of our sample did not materially differ from statistical demographic data.

The following table details the bank’s performance as compared to the percentage of businesses in each census tract income level.

Geographic Distribution of Loans to Businesses in Beaufort County AA								
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
Business	0.00	0.00	3.69	0.00	28.89	20.00	67.42	80.00

Source: Loan sample; Dunn and Bradstreet

Spartanburg County AA

The bank's geographic distribution of loans in the AA reflects a reasonable dispersion throughout census tracts of different income levels. Business loans were the sole primary product evaluated for this test, as the bank is primarily a commercial lender.

Business Loans

The bank's geographic distribution of business loans reflects a reasonable dispersion throughout census tracts of different income levels. Lending to businesses located in low-income census tracts was deemphasized, due to the minimal percentage of businesses residing within. However, the bank's lending to businesses in moderate-income census tracts exceeded the percentage of businesses residing within.

The following table details the bank's performance as compared to the percentage of businesses in each census tract income level.

Geographic Distribution of Loans to Businesses in Spartanburg County AA								
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
Business	6.21	0.00	16.95	25.00	56.14	60.00	20.70	55.00

Source: Loan sample; Dunn and Bradstreet

Responses to Complaints

The bank has not received any CRA-related consumer complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The Community Development Test is rated Satisfactory. The bank has exhibited adequate responsiveness to community development (CD) needs of the assessment areas (AAs) through CD lending, investments, and services.

Several contributing factors were considered and utilized to determine the bank's Community Development Test performance. First, economic conditions in the bank's AAs deteriorated significantly during the evaluation period. As a result, banks had to employ increased fiscal responsibility to protect declining earnings. Next, the market deterioration catalyzed increasing rates of unemployment and small business failure that limited CD lending opportunities. The bank's AAs exhibit significant competition

from other lending institutions, which further increased the competition for limited CD loan opportunities.

Finally, greater emphasis was given to the bank's community development performance in the Richland/Lexington County AA for determining an overall community development performance rating, as the largest share of the bank's operations occur in the AA. Conversely, a reduced emphasis was given to the bank's community development performance in the Spartanburg County AA for determining an overall community development performance rating, as the bank did not enter the market until October 2007.

Performance in the Richland/Lexington County AA

BankMeridian has demonstrated adequate responsiveness to the community development needs of this AA, considering its performance context and the needs and opportunities within the AA.

Community Development Loans

The level of community development lending in the Richland/Lexington County assessment area (AA) is satisfactory. The bank originated four (4) community development loans in the AA during the evaluation period, totaling approximately \$1.03 million. BankMeridian adequately addressed the needs of the community through lending that provided affordable housing for low- and moderate-income (LMI) families, assisted local community development initiatives and supported small business development. The following highlights community development lending in the AA:

- In 2007, the bank entered a \$500 thousand consortium. The loan will provide financial support for small and new businesses.
- The bank originated three (3) loans that provided housing for LMI families. The loans totaled approximately \$527 thousand and provided twenty-five (25) affordable housing units in the AA.

Qualified Investments

BankMeridian made sixteen (16) qualified community development donations in the AA during the evaluation period. The donations totaled approximately \$4 thousand and benefited eleven local entities. The donations contributed to organizations that provide affordable housing for LMI families, provide health and education assistance to LMI children and provide assistance to battered women and their children. While these investments are not innovative or complex, they are responsive to identified community needs.

Community Development Services

BankMeridian's level of community development services demonstrates adequate

responsiveness to the community development needs of its assessment area.

The institution's limited capacity and available opportunities for providing community development services within the assessment area were considered in the performance evaluation. The bank only operates one (1) branch in the assessment area, which is located in an unknown-income census tract in downtown Columbia, SC.

Six bank officers provided community development services to qualifying programs in the AA. The qualifying services included the following:

- One officer is a board member for a non-bank commercial lending company specializing in the SBA 7(a) loan guaranty program, which assists local small businesses.
- One officer is a board member for a non-bank commercial lending company that specializes in SBA 504 debenture financing. All assistance is limited to small businesses in the AA, and throughout the state of South Carolina.
- One officer is a board member for an organization that provides housing, childcare and counseling services to local battered women and their children.
- Two officers assist the local chapter of the United Way as a board member and division chairman, respectively.

Performance in the Beaufort County AA

BankMeridian has demonstrated adequate responsiveness to the community development needs of this AA, considering its performance context and the needs and opportunities within the AA.

Community Development Loans

The level of community development lending in the Beaufort County assessment area (AA) is satisfactory. The bank originated one (1) community development loan in the AA during the evaluation period, totaling approximately \$470 thousand. Although BankMeridian's CD lending activity was limited in the AA, they adequately addressed a need of the community. In 2009, the bank provided funds for a start-up adult day care center located in Bluffton, SC. The facility provides meals and health care to local VA and Medicare/Medicaid eligible patients.

Qualified Investments

BankMeridian made twenty-five (25) qualified community development donations in the AA during the evaluation period. The donations totaled approximately \$14 thousand and benefited twelve local entities. The donations contributed to organizations that provide affordable housing for LMI families, provide health and education assistance to

LMI children and provide assistance to battered women and their children. While these investments are not innovative or complex, they are responsive to identified community needs.

Community Development Services

BankMeridian's level of community development services demonstrates adequate responsiveness to the community development needs of its assessment area. The institution's limited capacity and available opportunities for providing community development services within the assessment area were considered in the performance evaluation. The bank only operates one (1) branch in the assessment area, which is located in an upper-income census tract in Hilton Head Island, SC.

One bank officer provided community development services to two (2) qualifying programs in the AA. The officer served as vice chairman for the local chapter of the United Way and served as a board member for an organization that provides health and education services to local LMI children.

Performance in the Spartanburg County AA

BankMeridian has demonstrated adequate responsiveness to the community development needs of this AA, considering its performance context and the needs and opportunities within the AA.

The bank's community development performance in the AA was deemphasized when determining an overall Community Development Test rating. While the bank's evaluation period spanned from May 2006 through December 2009, the bank did not initiate operations in the Spartanburg County AA until October 2007. Furthermore, the bank generates less than twenty percent of its lending activity in the AA.

Community Development Loans

The bank originated two (2) community development loans in the AA during the evaluation period, totaling approximately \$39 thousand. BankMeridian adequately addressed the needs of the community through lending that provided affordable housing for low- and moderate-income (LMI) families and supported small business development. The following highlights community development lending in the AA:

- In 2008, the bank provided funds for the renovation of a mobile home park located in a moderate-income census tract. The loan will provide eight (8) affordable housing units in the AA.
- In 2008, the bank pledged \$25 thousand to a consortium loan that will provide financial support to small businesses in Spartanburg, SC.

Qualified Investments

BankMeridian made four (4) qualified community development donations in the AA

during the evaluation period. The donations totaled approximately \$2 thousand and benefited three local entities.

The donations contributed to organizations that provide health and education assistance to LMI families, and provide shelter and education services for abused and abandoned children. While these investments are not innovative or complex, they are responsive to identified community needs.

Community Development Services

BankMeridian's level of community development services demonstrates adequate responsiveness to the community development needs of its assessment area. The institution's limited capacity and available opportunities for providing community development services within the assessment area were considered in the performance evaluation. The bank only operates one (1) branch in the assessment area, which is located in a low-income census tract in Spartanburg, SC.

One bank officer provided community development services to two (2) qualifying programs in the AA. The officer served as a board member for the local chapter of the United Way and was the president for an organization that provides shelter, nutrition and health services to the homeless.

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.