



LARGE BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

Public Disclosure

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Community Reinvestment Act
Performance Evaluation

The Conway National Bank
Charter Number: 10536

1400 Third Avenue
Conway, SC 29526

Office of the Comptroller of the Currency

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

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Overall CRA Rating

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

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

[Indicate the performance level under each criterion by marking an “X” in the appropriate row.]

| Performance Levels | (Name of Depository Institution) Performance Tests | | |
|---------------------------|---|-----------------|--------------|
| | Lending Test* | Investment Test | Service Test |
| Outstanding | X | | |
| High Satisfactory | | X | X |
| Low Satisfactory | | | |
| Needs to Improve | | | |
| Substantial Noncompliance | | | |

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

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

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Block Numbering Area (BNA): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also

include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household 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 or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home Mortgage Loans: such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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

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

Description of Institution

The Conway National Bank (CNB) is an intrastate bank headquartered in Conway, South Carolina. As of September 30, 2003, CNB had total assets of \$616 million. The bank operates 12 offices and 12 automated teller machines (ATMs) located in Horry and Georgetown counties.

CNB is wholly-owned by CNB Corporation, Inc., a one-bank holding company also headquartered in Conway, South Carolina. CNB has not been involved in any merger or acquisition activity during this evaluation period. As of September 30, 2003 CNB Corporation had total assets of \$616 million.

CNB offers a full range of products and services. Loan product categories include agricultural, commercial, consumer, second mortgage real estate, 1-4 family residential real estate, and multi-family loans. As of September 30, 2003, loans totaled \$339 million and deposits totaled \$517 million. Loans represent 55% of total assets. The distribution of the bank's loan portfolio is as follows: Commercial (includes commercial real estate) (55%); 1-4 family residential real estate properties (35%); consumer loans (9%); other loans (1%); and farm loans (1%). As indicated by the bank's loan mix, CNB is primarily a small business lender. Small farm lending is not a significant product for the bank.

CNB's Tier 1 capital is \$59 million and their Tier 1 Capital to risk weighted assets equals 16%. CNB also provides brokerage services, which has no impact on the bank's CRA performance. There are no legal, financial or other factors that would prevent the bank from meeting the credit needs of the community. CNB's CRA performance was rated "Outstanding" in the last public evaluation dated November 14, 2000.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation assessed the bank's performance under the Lending, Investment, and Services Tests. In evaluating the bank's lending performance, we reviewed CNB's small loans to businesses and residential mortgage loans subject to filing under HMDA. The evaluation period for the Lending Test is January 1, 2000 through December 31, 2002. For CD loans and the Investment and Service Tests, the evaluation period is November 15, 2000 through January 26, 2004.

Data Integrity

Prior to this CRA examination, we verified that CNB's processes and internal controls for collecting, verifying, and reporting the HMDA and CRA loan data were unchanged since our last CRA exam in 2000. During the 2000 CRA examination, we found the data made available to the public to be reliable and accurate. As a result, we concluded this evaluation of the lending test is based on accurate data. In addition, CD loans, services and investments provided by management were reviewed to ensure they qualified as CD as defined by the regulation. Some items submitted by CNB for consideration were excluded from this evaluation because they did not meet the definition or purpose of CD.

Selection of Areas for Full-Scope Review

The Myrtle Beach MSA (Horry County) was selected for a full-scope review as it comprises a substantial share of CNB's branches and business. As of September 30, 2003 96% of deposits and 93% of loans are in this AA.

Ratings

The bank's overall rating is based primarily on the performance for the Myrtle Beach AA. In determining the conclusions for the Lending Test, the distribution of loans by borrower income level received more weight than the distribution of loans by geography. Only 18% of the geographies are low- or moderate-income. Therefore, the distribution of loans by geography is not meaningful. In terms of loan products, small loans to businesses received the vast majority of the weight. CNB's lending focus is centered on small loans to businesses. During this evaluation period, 83% of the bank's CRA related loans were small loans to businesses. As a result, the conclusions for the Lending Test were primarily based on the bank's loans to small businesses lending performance.

Other

During this examination, we contacted three community organizations and reviewed two other community contacts conducted prior to this examination. The types of organizations contacted during this examination included a local affordable housing organization, a city administrator, and an economic development organization. Based on these discussions, we identified the following credit needs: start-up loans for small businesses in metropolitan and rural areas, infrastructure development in rural areas, as well as affordable housing (1-4 family residential).

In addition, we identified needs for the following services: credit counseling, low cost financial services, financial literacy and budget counseling for consumers and small businesses, as well as predatory and subprime lending education.

The opportunity to make CD loans and investments is limited in Horry County. During this review, we did not identify any Small Business Investment Corporations (SBIC's), Community Development Corporations (CDC's), or Community Development Financial Institutions (CDFI's) in the bank's AA. We identified one small business development center and a local downtown revitalization organization in Conway.

Fair Lending Review

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

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "Outstanding". Based on a full-scope review in the Myrtle Beach AA, the bank's performance is excellent.

Lending Activity

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's lending activity.

In the Myrtle Beach AA, 83% of the number and 79% in the dollar amount of CNB's loans originated during the evaluation period were to small businesses. Residential mortgage loans comprised the majority of the remaining loans at 13% by number and 19% by dollar amount. Among home mortgage loans, CNB's product distribution was as follows: 46% home purchase; 38% refinance loans; and 16% home improvement. The remaining 0.5% are loans for multi-family dwellings. Small loans to farms is not a significant product line for CNB. Agricultural lending represented only 3% of the number and 2% of the dollar volume of loans originated during the period.

CNB's lending activity in the Myrtle Beach AA is excellent. CNB has a 14% market share of total deposits and ranks third in comparison to 18 financial institutions in the Horry County AA. Based on 2002 aggregate CRA data, CNB ranks as the leader in small business lending with a market share of 24%. In 2002, CNB made 2,519 small loans to businesses versus the number 2 ranked institution that made 1,584 loans (15% market share).

Based on 2002 HMDA aggregate data, CNB is ranked number 9 in the overall volume of HMDA lending with a market share of 3%. In terms of individual HMDA products, CNB is the twelfth largest originator of home purchase loans (3%), the fourteenth largest originator of refinance loans (2%) and the largest originator of home improvement loans (31%). CNB's multi-family mortgage lending is minimal and therefore an analysis of the lending performance for this product would not be meaningful. There are 328 institutions making home mortgage loans throughout the AA.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of residential mortgage lending in the Myrtle Beach AA is good. The geographic distribution of HMDA loans is good. The geographic distribution of small loans to businesses is good. There were no conspicuous gaps in the bank's lending patterns throughout its AA.

We considered the following factors in assessing the bank's lending performance in low- and moderate-income geographies. In low-income geographies, the low level of home mortgage lending is mitigated by the lack of housing stock and income. The low-income geography has 32% of its families living below the poverty level and there are only 610 owner-occupied units.

Tract location and poverty levels contribute the lower performance in moderate-income geographies. Five of the six moderate-income geographies are located in the upper northeastern portion of the county that borders North Carolina. CNB has no branches in these geographies. Refer to the Market Profile section for more information. In addition, the level of families below the poverty level is high in all five geographies. Four of the five geographies have a poverty level between 23% and 31%.

Home Mortgage Loans

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

The geographic distribution of HMDA loans is good.

The overall geographic distribution of *home purchase loans* is good. CNB's lending in low-income geographies is near to the percentage of owner-occupied units in these tracts. In moderate-income geographies, the percent of home purchase loans is lower than the percent of owner-occupied units in moderate-income tracts. CNB's market share of home purchase lending in the low- and moderate-income census tracts exceeds CNB's overall market share.

CNB's overall geographic distribution in *home improvement loans* is good. CNB's lending in low-income geographies exceeds the percentage of owner-occupied units in low-income tracts. In moderate-income tracts, the percent of home improvement loans to moderate-income tracts is lower than the percent of owner occupied units in these tracts. CNB's market share in the low-income census tracts exceeds CNB's overall market share. In the moderate-income geographies, the bank's market share is lower than its overall market share.

The overall geographic distribution of *refinance loans* is adequate. CNB's percent of refinance loans in low-income geographies is lower than the percentage of owner-occupied units in those areas. In moderate-income geographies, the percent of refinance loans is lower than the percent of owner occupied units in these tracts. CNB's market share in low-income tracts exceeds CNB's overall market share. In the moderate-income geographies, the market share of home improvement lending in these tracts is somewhat lower than CNB's overall market share. Refer to the comments under the Distribution of Loans by Income Level of the Geography section of this document for demographic information and limited lending opportunities.

Small Loans to Businesses

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

The overall geographic distribution of *small loans to businesses* is good. The bank's percent of small loans to businesses in low-income tracts exceeds the percent of businesses located in these tracts. The percent of small loans to businesses in moderate-income tracts is lower than the percent of businesses located in moderate-income tracts. The bank's market share in low-income tracts exceeds the bank's overall market share. The bank's market share in moderate-income tracts is lower than its overall market share.

Small Loans to Farms

Refer to Table 7 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

We did not analyze CNB's small loans to farms lending performance. The volume of loans was not significant, representing only 3% of the bank's lending activity. The data is presented in the table for informational purposes only.

Lending Gap Analysis

Reports detailing CNB's lending activity over the evaluation period were reviewed to identify gaps in the geographic distribution of those loans. No unexplained conspicuous gaps were identified. The bank originated small loans to businesses and home mortgage loans in all geographies. This performance had a positive impact on the overall geographic distribution analysis.

Inside/Outside Ratio

A substantial majority of CNB's small loans to business and home mortgage loans were originated and purchased within its AA during the evaluation period. Overall, 98% of the bank's loans were within their AA. Ninety-eight percent (98%) of small loans to businesses and 96% of home mortgage loans were originated and purchased within their AA. This performance had a positive effect on the overall geographic distribution analysis.

Distribution of Loans by Income Level of the Borrower

The overall distribution of loans by income level in the AA is excellent. The distribution of HMDA loans by borrower income level is good. The distribution of small loans to businesses by revenue size is excellent.

In evaluating the borrower distribution of home mortgage loans, we considered the number of families that live below the poverty level and the barriers that this may have on home ownership. Approximately 12% of the families in the AA live below the poverty level. Based on 1990 census data, 60% of the low-income families live below the poverty level which makes it difficult for them to afford and maintain a home. This factor also effects the bank's ability to make home improvement and refinance loans to these consumers.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall distribution of HMDA loans by borrower income level is good.

The overall distribution of *home purchase loans* by borrower income level is good. CNB's lending to low-income borrowers is lower than the percentage of low-income families residing in the AA. Refer to the comments under the Distribution of Loans by Income Level of the Borrower section of this document for information on poverty levels. CNB's lending to moderate-income borrowers is near the percentage of families residing in the AA. CNB's market share of home purchase loans to low- and moderate-income borrowers exceeds their overall market share.

The overall distribution of *home improvement loans* by borrower income level is good. CNB's lending to low-income borrowers is somewhat lower than the percentage of low-income families residing in the AA. Refer to the comments under the Distribution of Loans by Income Level of the Borrower section of this document for information on poverty levels. CNB's lending to moderate-income borrowers exceeds the percentage of families residing in the AA. CNB's market share to low- and moderate-income borrowers exceeds their overall market share.

The overall distribution of *refinance mortgage loans* by borrower income level is good. CNB's lending to low-income borrowers is lower than the percentage of low-income families residing in the AA. Refer to the comments under the Distribution of Loans by Income Level of the Borrower section of this document for information on poverty levels. CNB's lending to moderate-income borrowers is near the distribution of moderate-income families residing in the AA. CNB's market share to low- and moderate-income borrowers is near their overall market share.

Small Loans to Businesses

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

CNB's distribution of small loans to businesses is excellent. Loans to businesses with revenues of \$1 million or less (small businesses) exceeds the percentage of small businesses in the AA. Their market share of small loans to small businesses exceeds their overall market share of small loans to all businesses. In addition, a substantial majority of the bank's small loans to businesses are in loan amounts of \$100 thousand or less.

Small Loans to Farms

Refer to Table 12 in the appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

We did not analyze CNB's small loans to farm lending performance. The volume of loans was not significant, representing 3% of the bank's lending activity. The data is presented in the table for informational purposes only.

Community Development Lending

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

The bank originated three CD loans totaling \$1,169,004. Each of these loans provided financing for the purchase of rental units that are located in moderate-income geographies and provide affordable housing for low- and moderate-income residents. The bank's CD lending had a positive effect on the bank's lending test rating.

Product Innovation and Flexibility

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

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Georgetown AA is not inconsistent with the bank's overall "outstanding" performance under the Lending Test. Refer to Tables 1 through 13 in appendix C for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "High Satisfactory". Based on full scope reviews, the bank's performance in the Myrtle Beach MSA is good.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Given the limited community development investment opportunities in the AA, CNB's level of community development investments is good. Refer to the Scope of the Evaluation section of this document for additional information on the available CD opportunities in this AA.

During the evaluation period, CNB made \$334 thousand in qualified investments. Of this total, \$224 thousand consists of an investment in a mutual fund as discussed on the next page. This investment is not considered complex; however, it is innovative and is responsive to an identified credit need in the AA (affordable housing).

- CRA Investment Fund - In October 2001, CNB made an additional investment of \$224 thousand into a mutual fund. This fund was initiated nationwide in June 1999. It is an innovative concept that allows geographical areas with a limited supply of bank CRA-qualified investment opportunities to make investments via the purchase of shares in a CRA-dedicated mutual fund. The fund identifies qualified investments in the AA, purchases them, and designates them to the bank. The fund gives banks the ability to specifically direct underlying securities that will be located within their AA. In October 2001, the fund purchased \$224 thousand of a Freddie Mac pool and designated it to the bank. The pool is secured by two low-income apartment complexes located in Horry County.

The remaining \$110 thousand consists of qualified grants and donations to CD organizations that supported community services or affordable housing for low- or moderate-income individuals or which stabilized or revitalized a moderate-income area. These investments were not considered innovative in nature but were responsive to identified needs in the community.

CNB also had one prior period investment with \$89 thousand outstanding at January 26, 2004. In November 2000, the CRA Investment Fund described above purchased \$250 thousand of a FNMA pool and designated it to the bank. The FNMA pool is secured by the Legacy Apartments, a low-income housing tax credit project located in Conway. The investment continues to have a positive impact on the community by providing low- and moderate-income housing.

Conclusions for Area Receiving Limited-Scope Reviews

Based on the limited-scope review, the bank's performance under the Investment Test in Georgetown County is weaker than the bank's overall High Satisfactory performance under the Investment Test for the bank as a whole. This level of performance is due to the bank's limited presence in this market (branch has been open only 3 years), heavy competition in the area, and limited investment opportunities within the AA. This does not have a material impact on the overall Investment Test rating. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated High Satisfactory. Based on a full-scope review, the bank's performance is good.

Retail Banking Services

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

CNB's retail delivery systems are reasonably accessible to geographies and individuals of different income levels throughout the AA. CNB operates 11 branches and 11 ATM's throughout the Myrtle Beach MSA. The bank offers a full range of services at each branch and accepts deposits at all ATM's. Banking services and hours of operation are the same for each branch. During our evaluation period, the bank opened 1 branch in an upper census tract.

The Myrtle Beach MSA has 1 low-income geography (census tract 704) located near downtown Conway. CNB does not have a branch in this geography; however, only 3% of the population resides in this tract and there are other CNB branches reasonably accessible to this low-income area. CNB has 4 branches located in the adjacent downtown census tracts of 702 and 703. Three of the four branches are located within 1 mile of the low-income geography.

The percent of the bank's branches in moderate-income geographies (8%) is lower than the percent of the population (15%) that reside in these areas. The AA has 6 moderate-income geographies. The bank has 1 branch in a moderate-income geography located in the southern part of the county. The other 5 geographies are located in the northeastern part of the county. These geographies are located approximately 20 miles from the closest CNB branch. Several other financial institutions are located in these geographies. Refer to the Market Profile section of this document for further information. Even though CNB does not have a deep branch penetration in moderate-income geographies, the bank originates a fair amount of loans in these tracts.

During the evaluation period, the bank partnered with the American Center for Credit Education (ACCE) to offer graduates of their credit education program enhancements to their savings or checking accounts. Customer service personnel receive training to refer denials to ACCE. The bank provides a \$5 initial deposit and initial order of basic checks at no charge. The bank will credit the cost of the course back to the customer after 12 months if there are no insufficient check charges associated with the customer's account.

Community Development Services

The level of community development services provided is excellent based on the number of employees participating and number of organizations benefiting. Refer to the demographic profile section of this document for additional information on the available CD opportunities in this AA. The types of services provided are not innovative in nature but responsive to the needs of the community. During this evaluation period, 19 employees worked with 14 organizations pursuing a variety of initiatives targeted at LMI areas and individuals. These services addressed community development needs such as technical assistance, providing budgeting courses, and credit education as well as affordable housing assistance to LMI areas or individuals. Financial services provided to the community include the following:

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

CNB has taken an active role in developing programs to identify community development needs and providing the services to meet those needs. In addition, employees have demonstrated a commitment to community development by actively participating in several community development qualified organizations. As a result, these efforts have had a positive impact on the bank's overall Service Test rating.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on the limited-scope review, the bank's performance under the Service Test in Georgetown County is weaker than the bank's overall High Satisfactory performance under the Service Test for the bank as a whole. This level of performance is due to the bank's limited presence in this market (branch has been open only 3 years) and limited CD services within the AA. This does not have a substantial impact on the overall Service Test rating. Refer to Table 15 in Appendix C for the facts and data that support these conclusions.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

| | | |
|--|--|--------------------------|
| Time Period Reviewed | Lending Test (excludes CD Loans): (01/01/2000 to 12/31/2002) Investment and Service Tests and CD Loans: (11/15/2000 to 01/26/2004) | |
| Financial Institution | Products Reviewed | |
| The Conway National Bank (CNB) Conway, South Carolina | Small Loans to Businesses HMDA CD Loans | |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| NONE | | |
| List of Assessment Areas and Type of Examination | | |
| Assessment Area | Type of Exam | Other Information |
| Myrtle Beach MSA #5330 Georgetown County | Full-Scope Limited-Scope | |

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

| | |
|------------------------|-----|
| Myrtle Beach MSA | B-2 |
|------------------------|-----|

MSA #5330 Myrtle Beach, SC

| Demographic Information for Full-Scope Area: (Name of MA or Non-metropolitan Area) | | | | | | |
|--|--------------------------------------|---|--------------------|------------------|-----------------|-----------------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 39 | 2.56 | 15.38 | 61.55 | 20.51 | 0 |
| Population by Geography | 144,053 | 2.28 | 14.58 | 69.29 | 13.85 | 0 |
| Owner-Occupied Housing by Geography | 38,305 | 1.59 | 13.69 | 69.31 | 15.41 | 0 |
| Businesses by Geography | 13,422 | 0.91 | 13.99 | 62.02 | 23.08 | 0 |
| Farms by Geography | 506 | 0.20 | 30.43 | 63.24 | 6.13 | 0 |
| Family Distribution by Income Level | 40,552 | 19.34 | 18.63 | 23.33 | 38.70 | 0 |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 15,398 | 4.02 | 20.90 | 67.02 | 8.06 | 0 |
| Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level | = \$28,504 = \$47,100 = 14.76% | Median Housing Value Unemployment Rate | | | | = \$87,598 = 2.47% |

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

The Myrtle Beach MSA AA is comprised entirely of Horry County. CNB operates 11 branches and 11 ATM's in the Horry County AA, which are equally distributed between the cities of Conway and Myrtle Beach. Of CNB's 11 branches, 10 are located in the southern portion of the county. The remaining branch is located in the mid-western part of the county. Five of the six moderate-income CT's are located in the northeastern portion of the AA. This area is primarily rural and agricultural. There is only one major highway through the area. In addition, this portion of the county has substantial competition as there are 7 other financial institutions with multiple branches operating in this rural area.

Horry County is located in the extreme northeastern coastal area of South Carolina. Horry County is the largest county in terms of land area and has experienced rapid population and job expansion during the past several years. Tourism is the dominant industry; however, these jobs tend to be seasonal and somewhat low-paying. The largest employers in Horry County include the Horry County School District, AVX Corporation and the Horry County Government.

As of June 30, 2003, deposits in the AA totaled \$488 million or approximately 96% of the total franchise deposits. CNB is the third largest deposit holder in the AA with a market share of 14%. Local banking competition consists of 17 financial institutions and includes affiliates of multi-national and regional banks, credit unions and non-bank financial services. The top two competitors are Coastal Federal Bank and Carolina First Bank with 16% and 15% market share respectively.

We obtained information from our community contacts that we conducted during our examination. The needs of LMI individuals or areas were identified during these community contacts as follows:

- Credit education including predatory lending, credit counseling, financial literacy, and budget counseling for consumers and small businesses.
- Affordable housing and infrastructure development in rural areas.
- Start-up loans for small businesses in metropolitan and rural areas.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

| LENDING VOLUME | | Geography: CONWAY NATIONAL BANK | | | | | | Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002 | | | | |
|------------------------|------------------------------------|---------------------------------|------------|---------------------------|------------|----------------------|------------|---|------------|----------------------|------------|--------------------------------------|
| MA/Assessment Area: | % of Rated Area Loans (#) in MA/AA | Home Mortgage | | Small Loans to Businesses | | Small Loans to Farms | | Community Development Loans** | | Total Reported Loans | | % of Rated Area Deposits in MA/AA*** |
| | | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | |
| Full Review: | | | | | | | | | | | | |
| Myrtle Beach AA | 92.54 | 1,361 | 94,926 | 8,288 | 390,646 | 355 | 7,175 | 0 | 0 | 10,004 | 492,747 | 96.37 |
| Limited Review: | | | | | | | | | | | | |
| Georgetown County AA | 7.46 | 147 | 17,947 | 659 | 49,315 | 0 | 0 | 0 | 0 | 806 | 67,262 | 3.63 |

* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is November 15, 2000 to January 26, 2004.

*** Deposit Data as of June 30, 2003. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

| Geographic Distribution: HOME PURCHASE | | Geography: CONWAY NATIONAL BANK Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002 | | | | | | | | | | | | | |
|--|---------------------------|---|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|-------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Home Purchase Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography | | | | |
| | # | % of Total** | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | Over all | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Myrtle Beach MSA AA | 622 | 93.82 | 1.59 | 1.29 | 13.69 | 7.40 | 69.31 | 79.58 | 15.41 | 11.74 | 2.74 | 5.56 | 3.00 | 3.26 | 1.41 |
| Limited Review: | | | | | | | | | | | | | | | |
| Georgetown County AA | 41 | 6.18 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 | 0.95 | 0.00 | 0.00 | 0.00 | 0.95 |

* Based on 2002 Peer Mortgage Data: Southeast Region 2.

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

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

| Geographic Distribution: HOME IMPROVEMENT | | Geography: CONWAY NATIONAL BANK | | | | | | | | Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002 | | | | | |
|---|------------------------------|---------------------------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|---|-------------------------------|-------|-------|-------|-------|
| MA/Assessment Area: | Total Home Improvement Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography | | | | |
| | # | % of Total** | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | Over all | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Myrtle Beach MSA AA | 212 | 84.46 | 1.59 | 3.77 | 13.69 | 4.72 | 69.31 | 83.49 | 15.41 | 8.02 | 30.51 | 88.89 | 11.11 | 32.98 | 33.33 |
| Limited Review: | | | | | | | | | | | | | | | |
| Georgetown County AA | 39 | 15.54 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 | 41.38 | 0.00 | 0.00 | 0.00 | 41.38 |

* Based on 2002 Peer Mortgage Data: Southeast Region 2.

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

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

| Geographic Distribution: HOME MORTGAGE REFINANCE | | | | | | | | | | | | Geography: CONWAY NATIONAL BANK | | | | | Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002 | | | | |
|--|-------------------------------------|--------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|-------------------------------|---------------------------------|------|------|------|--|---|--|--|--|--|
| MA/Assessment Area: | Total Home Mortgage Refinance Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography | | | | | | | | | | |
| | # | % of Total** | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | Over all | Low | Mod | Mid | Upp | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | | | | | | |
| Myrtle Beach MSA AA | 521 | 88.61 | 1.59 | 0.77 | 13.69 | 4.61 | 69.31 | 85.22 | 15.41 | 9.40 | 2.05 | 6.25 | 1.65 | 2.49 | 0.88 | | | | | | |
| Limited Review: | | | | | | | | | | | | | | | | | | | | | |
| Georgetown County AA | 67 | 11.39 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 | 1.48 | 0.00 | 0.00 | 0.00 | 1.48 | | | | | | |

* Based on 2002 Peer Mortgage Data: Southeast Region 2.

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

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 5. Geographic Distribution of Multifamily Loans

| Geographic Distribution: MULTIFAMILY | | Geography: CONWAY NATIONAL BANK | | | | | | | | Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002 | | | | | |
|--------------------------------------|-------------------------|---------------------------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|---|-------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Multifamily Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography | | | | |
| | # | % of Total** | % of MF Units*** | % BANK Loans | % MF Units*** | % BANK Loans | % MF Units*** | % BANK Loans | % MF Units*** | % BANK Loans | Over all | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Myrtle Beach MSA AA | 6 | 100.00 | 0.57 | 0.00 | 2.85 | 33.33 | 57.33 | 50.00 | 39.25 | 16.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Limited Review: | | | | | | | | | | | | | | | |
| Georgetown County AA | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

* Based on 2002 Peer Mortgage Data: Southeast Region 2.

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

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

| Geographic Distribution: SMALL LOANS TO BUSINESSES | | Geography: CONWAY NATIONAL BANK | | | | | | | | Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002 | | | | | |
|--|----------------------------|---------------------------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|---|-------------------------------|-------|------|-------|-------|
| MA/Assessment Area: | Total Small Business Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography | | | | |
| | # | % of Total** | % of Businesses*** | % BANK Loans | % of Businesses*** | % BANK Loans | % of Businesses*** | % BANK Loans | % of Businesses*** | % BANK Loans | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Myrtle Beach MSA AA | 8,288 | 92.63 | 0.91 | 2.32 | 13.99 | 4.51 | 62.02 | 79.60 | 23.08 | 13.57 | 23.33 | 72.94 | 9.64 | 29.12 | 16.68 |
| Limited Review: | | | | | | | | | | | | | | | |
| Georgetown County AA | 659 | 7.37 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 | 13.31 | 0.00 | 0.00 | 0.00 | 13.31 |

* Based on 2002 Peer Small Business Data: US.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2002).

Table 7. Geographic Distribution of Small Loans to Farms

| Geographic Distribution: SMALL LOANS TO FARMS | | | | | | | | | | | | | | | Geography: CONWAY NATIONAL BANK | | | | | Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002 | | | | |
|---|------------------------|--------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|-------------------------------|------|------|-------|---------------------------------|--|--|--|--|---|--|--|--|--|
| MA/Assessment Area: | Total Small Farm Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography | | | | | | | | | | | | | |
| | # | % of Total** | % of Farms*** | % BANK Loans | % of Farms*** | % BANK Loans | % of Farms*** | % BANK Loans | % of Farms*** | % BANK Loans | Overall | Low | Mod | Mid | Upp | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | | | | | | | | | |
| Myrtle Beach MSA AA | 355 | 100.00 | 0.20 | 0.28 | 30.43 | 3.66 | 63.24 | 96.06 | 6.13 | 0.00 | 48.13 | 0.00 | 0.97 | 78.53 | 0.00 | | | | | | | | | |
| Limited Review: | | | | | | | | | | | | | | | | | | | | | | | | |
| Georgetown County AA | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | | | | | |

* Based on 2002 Peer Small Business Data: US.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2002).

Table 8. Borrower Distribution of Home Purchase Loans

| Borrower Distribution: HOME PURCHASE | | Geography: CONWAY NATIONAL BANK | | | | | | | | Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002 | | | | | |
|--------------------------------------|---------------------------|---------------------------------|----------------------|------------------|---------------------------|------------------|-------------------------|------------------|------------------------|---|--------------|------|------|------|------|
| MA/Assessment Area: | Total Home Purchase Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share | | | | |
| | # | % of Total** | % Families*** | % BANK Loans**** | % Families** | % BANK Loans**** | % Families* | % BANK Loans**** | % Families* | % BANK Loans**** | Over all | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Myrtle Beach MSA AA | 622 | 93.82 | 19.34 | 8.03 | 18.63 | 17.78 | 23.33 | 23.93 | 38.70 | 50.26 | 2.94 | 4.04 | 4.23 | 3.23 | 2.40 |
| Limited Review: | | | | | | | | | | | | | | | |
| Georgetown County AA | 41 | 6.18 | 14.50 | 0.00 | 10.93 | 8.82 | 22.00 | 11.76 | 52.57 | 79.41 | 0.90 | 0.00 | 0.00 | 0.76 | 1.09 |

* Based on 2002 Peer Mortgage Data: Southeast Region 2.

** As a percentage of loans with borrower income information available. No information was available for 6.64% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 1990 Census information.

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

Table 9. Borrower Distribution of Home Improvement Loans

| Borrower Distribution: HOME IMPROVEMENT | | | | | | | | | | | | | | | y: CONWAY NATIONAL BANK | | | | | Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002 | | | | |
|---|------------------------------|--------------|----------------------|------------------|---------------------------|------------------|-------------------------|------------------|------------------------|------------------|--------------|-------|-------|-------|-------------------------|--|--|--|--|---|--|--|--|--|
| MA/Assessment Area: | Total Home Improvement Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share | | | | | | | | | | | | | |
| | # | % of Total** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | % Families** | % BANK Loans**** | % Families** | % BANK Loans**** | Overall | Low | Mod | Mid | Upp | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | | | | | | | | | |
| Myrtle Beach MSA AA | 212 | 84.46 | 19.34 | 11.00 | 18.63 | 27.50 | 23.33 | 26.00 | 38.70 | 35.50 | 31.08 | 32.50 | 39.13 | 26.23 | 27.16 | | | | | | | | | |
| Limited Review: | | | | | | | | | | | | | | | | | | | | | | | | |
| Georgetown County AA | 39 | 15.54 | 14.50 | 0.00 | 10.93 | 16.67 | 22.00 | 22.22 | 52.57 | 61.11 | 42.86 | 0.00 | 66.67 | 40.00 | 44.44 | | | | | | | | | |

* Based on 2002 Peer Mortgage Data: Southeast Region 2.

** As a percentage of loans with borrower income information available. No information was available for 5.98% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 1990 Census information.

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

| Borrower Distribution: HOME MORTGAGE REFINANCE | | Geography: CONWAY NATIONAL BANK | | | | | | | | Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002 | | | | | |
|--|-------------------------------------|---------------------------------|----------------------|------------------|---------------------------|------------------|-------------------------|------------------|------------------------|---|--------------|------|------|------|------|
| MA/Assessment Area: | Total Home Mortgage Refinance Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share | | | | |
| | # | % of Total** | % Families** | % BANK Loans**** | % Families* ** | % BANK Loans**** | % Families* ** | % BANK Loans**** | % Families* ** | % BANK Loans**** | Over all | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Myrtle Beach MSA AA | 521 | 88.61 | 19.34 | 5.18 | 18.63 | 14.08 | 23.33 | 26.92 | 38.70 | 53.83 | 2.40 | 2.04 | 2.24 | 2.66 | 2.38 |
| Limited Review: | | | | | | | | | | | | | | | |
| Georgetown County AA | 67 | 11.39 | 14.50 | 0.00 | 10.93 | 10.53 | 22.00 | 21.05 | 52.57 | 68.42 | 1.61 | 0.00 | 3.16 | 2.37 | 1.36 |

* Based on 2002 Peer Mortgage Data: Southeast Region 2.

** As a percentage of loans with borrower income information available. No information was available for 8.16% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 1990 Census information.

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

Table11. Borrower Distribution of Small Loans to Businesses

| Borrower Distribution: SMALL LOANS TO BUSINESSES | | | | | | | | | |
|---|---------------------------------|--------------|---|------------------|--|-------------------------|---------------------------|--------------|-------------------------|
| Geography: CONWAY NATIONAL BANK | | | | | | | | | |
| Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002 | | | | | | | | | |
| MA/Assessment Area: | Total Small Loans to Businesses | | Businesses With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Business Size | | | Market Share | |
| | # | % of Total** | % of Businesses*** | % BANK Loans**** | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All | Rev \$1 Million or Less |
| Full Review: | | | | | | | | | |
| Myrtle Beach MSA AA | 8,288 | 92.63 | 81.40 | 97.43 | 89.90 | 6.33 | 3.76 | 23.33 | 44.22 |
| Limited Review: | | | | | | | | | |
| Georgetown County AA | 659 | 7.37 | 78.12 | 98.18 | 80.27 | 11.68 | 8.04 | 13.31 | 31.21 |

* Based on 2002 Peer Small Business Data: US.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.01% of small loans to businesses originated and purchased by the Bank.

Table12. Borrower Distribution of Small Loans to Farms

| Borrower Distribution: SMALL LOANS TO FARMS | | Geography: CONWAY NATIONAL BANK | | | Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002 | | | | |
|---|----------------------------|---------------------------------|--|------------------------------|---|-------------------------|-------------------------|---------------------------|-------------------------|
| MA/Assessment Area: | Total Small Loans to Farms | | Farms With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Farm Size | | | Market Share [*] | |
| | # | % of Total ^{**} | % of Farms ^{***} | % BANK Loans ^{****} | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$500,000 | All | Rev \$1 Million or Less |
| Full Review: | | | | | | | | | |
| Myrtle Beach MSA AA | 355 | 100.00 | 95.06 | 99.15 | 96.90 | 3.10 | 0.00 | 48.13 | 48.46 |
| Limited Review: | | | | | | | | | |
| Georgetown County AA | 0 | 0.00 | 90.91 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 50.00 |

^{*} Based on 2002 Peer Small Business Data: US.

^{**} Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

^{***} Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2002).

^{****} Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by Bank.

Table 14. Qualified Investments

| QUALIFIED INVESTMENTS | | Geography: CONWAY NATIONAL BANK | | | | Evaluation Period: NOVEMBER 15, 2000 TO JANUARY 26, 2004 | | | |
|------------------------|---------------------------|---------------------------------|----------------------------|-----------|-------------------|--|------------|------------------------|-----------|
| MA/Assessment Area: | Prior Period Investments* | | Current Period Investments | | Total Investments | | | Unfunded Commitments** | |
| | # | \$(000's) | # | \$(000's) | # | \$(000's) | % of Total | # | \$(000's) |
| Full Review: | | | | | | | | | |
| Myrtle Beach MSA | 1 | 89 | 28 | 334 | 29 | 423 | 99.76 | 0 | 0 |
| Limited Review: | | | | | | | | | |
| Georgetown County | 0 | 0 | 1 | 1 | 1 | 1 | 0.24 | 0 | 0 |

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: CONWAY NATIONAL BANK Evaluation Period: NOVEMBER 15, 2000 TO JANUARY 26, 2004 | | | | | | | | | | | | | | | | | |
|--|--------------------------------|--------------------|--------------------------------|---|-----|-----|-----|--------------------------|----------------------|---|-----|-----|-----|---------------------------------------|-------|-------|--------|
| MA/Assessment Area: | Deposits | Branches | | | | | | Branch Openings/Closings | | | | | | Population | | | |
| | % of Rated Area Deposits in AA | # of BANK Branches | % of Rated Area Branches in AA | Location of Branches by Income of Geographies (%) | | | | # of Branch Openings | # of Branch Closings | Net change in Location of Branches (+ or -) | | | | % of Population within Each Geography | | | |
| | | | | Low | Mod | Mid | Upp | | | Low | Mod | Mid | Upp | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | | | |
| Myrtle Beach MSA | 96.37 | 11 | 92 | 0 | 1 | 7 | 3 | 1 | 0 | 0 | 0 | 0 | +1 | 2.28 | 14.58 | 69.29 | 13.85 |
| Limited Review: | | | | | | | | | | | | | | | | | |
| Georgetown County | 3.63 | 1 | 8 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | 100.00 |

