

**PUBLIC DISCLOSURE**

October 25, 2010

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Waccamaw Bank

2607449

110 North J. K. Powell Boulevard

Whiteville, North Carolina 28472

**Federal Reserve Bank of Richmond  
P. O. Box 27622  
Richmond, Virginia 23261**

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

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## **INSTITUTION RATING**

**INSTITUTION'S CRA RATING:** This institution is rated **Needs to Improve**.

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Needs to Improve**

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable in relation to demand for credit in the assessment areas.
- A substantial majority of the institution's small business and Home Mortgage Disclosure Act (HMDA) loans considered in the evaluation were originated within the bank's combined assessment areas.
- While the bank's borrower distribution performances (lending to low- and moderate-income borrowers and small businesses/farms having annual revenues of \$1 million or less) vary by loan type, assessment area, and year, they are considered reasonable overall in both North Carolina and South Carolina.
- The bank's geographic distribution performance (lending in low- and moderate-income census tracts) varies from poor to excellent by business line and year across its market areas. When considering the data on a combined basis, the bank's performance is also reasonable in both North Carolina and South Carolina.
- The bank's responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and services is less than satisfactory for both North Carolina and South Carolina.
- According to the rating guidelines for Regulation BB, which implements the Community Reinvestment Act, a composite rating of at least satisfactory is applicable if both the lending and community development tests are rated at least satisfactory. Because the bank's community development test performance is less than satisfactory, the bank's overall rating is needs to improve.
- There have been no complaints regarding the bank's CRA performance since the previous CRA evaluation.

## **SCOPE OF EXAMINATION**

The institution was evaluated using the interagency examination procedures developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures, residential mortgage originations reported by the institution under the HMDA from January 1, 2008, through December 31, 2009, were reviewed. Additionally, small business loans are considered to be a primary product line and were also considered in the evaluation. All small business loans originated by the bank from January 1, 2009 through June 30, 2010, were included in the analysis. The community development test considers all applicable community development loans and service activities since the previous evaluation (October 27, 2008). All qualified investments outstanding as of the examination date were also considered regardless of when made.

**DESCRIPTION OF INSTITUTION**

Waccamaw Bank (WB) is headquartered in Whiteville, North Carolina, and operates 17 branch offices located in the eastern portions of North and South Carolina. The bank is a wholly-owned subsidiary of Waccamaw Bankshares, Incorporated, a single-bank holding company also located in Whiteville, North Carolina. WB received a Satisfactory rating at its prior CRA evaluation dated October 27, 2008. While the bank does not face any legal impediments that would restrain it from meeting the credit needs of its assessment areas, deteriorating economic conditions during the evaluation period have impacted the bank's operations.

As of June 30, 2010, the bank held assets totaling \$572.8 million, of which 56.5% were loans and 17.2% were securities. Various deposit and loan products are available through the institution including loans for residential mortgage, consumer, and business purposes. The following chart details the loan portfolio, as of June 30, 2010:

**Composition of Loan Portfolio**

Loan Type	6/30/2010	
	\$(000s)	%
Secured by 1-4 Family dwellings	88,232	26.4
Multifamily	11,528	3.4
Construction and Development	99,958	29.9
Commercial & Industrial/ NonFarm NonResidential	116,897	35.0
Consumer Loans and Credit Cards	14,072	4.2
Agricultural Loans/ Farmland	3,570	1.1
All Other	174	0.1
<b>Total</b>	<b>334,431</b>	<b>100.0</b>

As indicated in the preceding table, the bank is an active commercial/small business and residential mortgage lender. The bank also continues to offer other loans, such as consumer and farm loans; however, the volume of such lending is relatively small in comparison to the commercial/small business and residential mortgage lending.

The bank's operations are located in four distinct assessment areas. Three of the assessment areas (Wilmington, NC Metropolitan Statistical Area (MSA); Columbus, NC NonMSA; and Myrtle Beach-North Myrtle Beach-Conway, SC MSA) are located on the eastern coast of North and South Carolina and are contiguous. The fourth assessment area (Lancaster, SC NonMSA) is not contiguous to the bank's other markets and is located approximately 100 miles due west. The following table reflects the composition of the bank's four assessment areas.

Assessment Area	County	State	Census Tracts Included
Wilmington, NC MSA	Brunswick	NC	All
	New Hanover	NC	All
Columbus, NC NonMSA	Bladen	NC	All
	Columbus	NC	All
Myrtle Beach-North Myrtle Beach-Conway, SC MSA	Horry	SC	All
Lancaster, SC NonMSA	Lancaster	SC	0102.00- 0103.00

The bank has not opened or closed any branch offices since its previous CRA evaluation (October 27, 2008).

### CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

Based on the FFIEC's evaluation procedures, an overall rating and ratings for the Lending and Community Development Tests are assigned to the institution and the states of North Carolina and South Carolina. The bank's operations are concentrated in its two North Carolina assessment areas (Wilmington, NC MSA and Columbus, NC NonMSA). Consequently, these assessment areas were reviewed utilizing the FFIEC's full-scope procedures. Additionally, the bank's operations in South Carolina are concentrated in the Myrtle Beach-North Myrtle Beach-Conway, SC MSA assessment area, which was also evaluated with the full-scope procedures. Given the smaller relative size of the bank's Lancaster, SC NonMSA assessment area, this assessment area was evaluated utilizing the FFIEC's limited scope procedures. Detailed information about the bank's activities (loan volume, branch locations, and deposit accounts) within each assessment area is included in **Appendix B**.

An analysis of lending during the review period is discussed in greater detail in subsequent sections of this evaluation. While residential mortgage loan data from calendar years 2008 and 2009 and small business loan data from January 1, 2009, through June 30, 2010, were fully analyzed and considered in the evaluation, unless otherwise noted, bank and aggregate data from only 2009 is presented in the assessment area analyses. If the performances during 2008 and 2010 are not similar to the performance described for 2009, then pertinent additional information is provided. Area demographic, market aggregate and Dun & Bradstreet (D&B) business data are used as proxies for demand when evaluating the bank's performance. Demographic data are from the 2000 census, while the HMDA aggregate data are from 2008 and 2009 and small business aggregate data are from 2009.

When evaluating the geographic and borrower distribution for a specific loan category within an assessment area, primary emphasis is placed on the number of loans originated or purchased. To arrive at an overall assessment area conclusion regarding the distribution of lending, performance in each loan category is then weighted by the dollar volume of such loans in the assessment area. The institution's overall and state ratings are based on the overall performance of each market area and primary consideration is given to the dollar volume each market contributes to the overall activity considered in the evaluation. The review of the bank's community development activities is based on the number and amount of community development loans, the extent to which the bank provides community development services, and its responsiveness to identified community development lending, investment, and service needs.

Overall, the bank's lending test performance is rated satisfactory. This rating considers the bank's loan-to-deposit ratio, level of lending in its assessment areas, borrower distribution performance, and geographic distribution performance. Each of these components is discussed in the following sections.

### Loan-To-Deposit Ratio

The bank's quarterly average loan-to-deposit ratio for the seven-quarter period ending June 30, 2010, equaled 79.2% and ranged from 68% to 90.5%. As of June 30, 2010, the institution's loan-to-deposit ratio equaled 68%. In comparison, the average quarterly loan-to-deposit ratios of all banks headquartered in nonmetropolitan areas of North Carolina and of a similar asset size to WB ranged from 80.3% to 89.8% for the same time period. Since June 30, 2008, deposits and assets have increased by 11.1% and 5.1%, respectively, while loans have decreased by 15.2%. Within the context of CRA, the bank's loan-to-deposit ratio is considered reasonable given the institution's size, financial condition, and local credit needs.

### Lending in Assessment Areas

#### Comparison of Credit Extended Inside and Outside of Assessment Area(s)

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	70	94.6	12,301	96.0	4	5.4	519	4.0
Home Improvement	71	97.3	1,974	98.6	2	2.7	28	1.4
Multi-Family Housing	4	100.0	5,548	100.0	0	0.0	0	0.0
Refinancing	84	91.3	12,017	88.9	8	8.7	1,501	11.1
<i>Total HMDA related</i>	<b>229</b>	<b>94.2</b>	<b>31,840</b>	<b>94.0</b>	<b>14</b>	<b>5.8</b>	<b>2,048</b>	<b>6.0</b>
Small Business*	147	97.4	13,195	96.6	4	2.6	466	3.4
<b>TOTAL LOANS</b>	<b>376</b>	<b>95.4</b>	<b>45,035</b>	<b>94.7</b>	<b>18</b>	<b>4.6</b>	<b>2,514</b>	<b>5.3</b>

\*The number and dollar amount of loans reflects a sample of such loans originated during the evaluation period and does not reflect loan data collected or reported by the institution.

As indicated in the preceding table, a substantial majority of both the number and dollar amount of HMDA and small business loans were originated within the bank's four assessment areas.

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

While there are variations in the bank's performance across its assessment areas and states by loan product and year, the bank's borrower distribution performances are considered reasonable in both North Carolina and South Carolina. Accordingly, the bank's overall borrower distribution performance is considered reasonable.

Within the bank's market areas, a high level of small business lending activity has been reported by specialized lenders, who often originate small business loans in the form of credit cards. These loans, however, tend to be much smaller in size than traditional small business bank loans and revenue data is often not reported for a majority of these loans. The presence of these lenders is reflected in a smaller market share for traditional lenders and tends to understate the percentage of loans to businesses with annual revenues of \$1 million or less. Consequently, the presence of these lenders was considered as an aspect of performance context when evaluating the level and distribution of bank lending. Therefore, to better gauge performance, WB's lending is also compared to a peer group of traditional small business lenders that excludes the credit card/specialty lenders.

### **Geographic Distribution of Loans**

The bank's geographic distribution performance varies from poor to excellent by product line, year, and state. Overall, the bank's geographic distribution performances are considered reasonable in both North Carolina and South Carolina. Accordingly, the bank's overall geographic distribution performance is considered reasonable.

### **Community Development Loans, Investments, and Services**

During the evaluation period, the bank's community development activities were concentrated in the North Carolina assessment areas and focused primarily on service activities. Within the North Carolina assessment areas, the bank's participation in qualified investments was limited to charitable donations totaling \$900, and its community development lending was limited to participating in the renewal of a loan (WB's portion equaled \$292,500) to a local community development corporation (CDC). In the South Carolina assessment areas, the bank's community development activities were limited to a few service activities in only one assessment area. While the bank was active in participating in community development service activities, these activities were concentrated in North Carolina assessment areas. The bank's community development lending provided only a limited benefit in one assessment area, and, as of the evaluation's date, the bank had not invested in any qualified securities despite holding \$98.5 million in investment securities. The bank's community development performance demonstrates poor responsiveness to the community development needs of its assessment areas when considering the bank's capacity and need and availability of such opportunities within the bank's assessment areas.

### **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

## STATE OF NORTH CAROLINA

### CRA RATING FOR NORTH CAROLINA: Needs to Improve

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Needs to Improve**

Major factors supporting the rating include:

- The bank's borrower distribution performance is considered reasonable within each of the North Carolina assessment areas.
- The bank's geographic distribution performance is considered poor in the Wilmington, NC MSA assessment area and excellent in the Columbus, NC NonMSA assessment area. The bank's overall geographic distribution performance in North Carolina is considered reasonable.
- The bank's participation in qualified community development activities reflects a poor level of responsiveness within the state given the community development needs that exist within the North Carolina assessment areas and the bank's capacity to participate in meeting such needs.
- According to the rating guidelines for Regulation BB, which implements the Community Reinvestment Act, a composite rating of at least satisfactory is applicable if both the lending and community development tests are rated at least satisfactory. Because the bank's community development test performance is less than satisfactory, the bank's overall rating specific to North Carolina is Needs to Improve.

### SCOPE OF EXAMINATION

WB serves two contiguous assessment areas within southeastern North Carolina. Based on their relative size, measured by volume of lending, branch locations, and volume of deposits, both assessment areas were subject to full-scope reviews. A majority of the bank's activities (branches, loans, and deposits) come from the North Carolina assessment areas. More specific information regarding the bank and its assessment areas is included in **Appendix B**. The state's ratings and performance levels are based on the bank's combined performance of the North Carolina assessment areas.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN NORTH CAROLINA

The institution operates 12 branches throughout the State of North Carolina, of which four (33.3%) are located in moderate-income census tracts. Based on the 2000 census data, the institution's North Carolina markets have a total population of 320,477. The 2010 median family income within the Wilmington, NC MSA assessment area equals \$59,200, while the median family income for the nonmetropolitan areas of North Carolina equals \$50,400.

### CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

#### **Lending To Borrowers of Different Incomes and To Businesses of Different Sizes**

The bank's borrower distribution performance for HMDA and small business lending is reasonable for each year in the Wilmington, NC MSA assessment area. The bank's HMDA performance varies from reasonable to excellent within the Columbus, NC NonMSA assessment area and is considered reasonable overall, while its small business lending performance is reasonable each year. The combined performance for all products in each market is reasonable.



### **Geographic Distribution of Loans**

The bank's geographic distribution performance varies from poor to reasonable by year for both HMDA and small business lending within the Wilmington, NC MSA assessment area and is considered poor overall. Within the Columbus, NC NonMSA assessment area, the bank's geographic distribution performance of HMDA loans is considered excellent, while its small business performance varies from reasonable to excellent and is considered excellent overall. The bank's performance within the statewide area (both assessment areas) is considered reasonable and reflects, in part, the strength of the bank's performance in the Columbus, NC NonMSA assessment area.

### **Community Development Loans, Investments, and Services**

During the evaluation period, WB provided technical support to numerous (20) community development organizations within the North Carolina assessment areas, participated in the renewal of a community development loan (WB's portion totaled \$292,500), made charitable donations to community development organizations totaling \$900, and continues to offer free and low-cost checking accounts. Reviews of the qualified community development activities of other institutions operating in the same markets as WB found more extensive use of both qualified investments and community development lending than utilized by WB. Additionally, the beneficial impact of the bank's community development lending and investments (donations) was limited within the statewide assessment areas. Overall, the bank's level of community development activities within North Carolina is considered poor.

**METROPOLITAN AREAS**  
(For metropolitan areas with some or all assessment areas reviewed using full-scope review)

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN WILMINGTON, NC MSA ASSESSMENT AREA**

This assessment area includes a portion of the Wilmington, NC MSA and is located on the southern coast of North Carolina. According to the 2000 census data, the area has a population of 233,450 and a median housing value of \$117,995. The owner-occupancy rate equals 52.8%, which is lower than the rates for both the MSA (54.3%) and the State of North Carolina (61.6%). The percentage of families living below the poverty level in the assessment area (8.8%) is similar to the overall rate of the MSA (8.9%), as well as the North Carolina State rate (9%). The 2010 median family income for the assessment area equals \$59,200. The following table includes pertinent demographic data for the market area.

**Assessment Area Demographics**

Wilmington, NC MSA								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	4	9.5	2,193	3.4	781	35.6	12,751	19.9
Moderate	11	26.2	11,220	17.5	1,796	16.0	11,338	17.7
Middle	18	42.9	36,681	57.2	2,629	7.2	13,896	21.7
Upper	9	21.4	14,076	21.9	415	2.9	26,185	40.8
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>42</b>	<b>100.0</b>	<b>64,170</b>	<b>100.0</b>	<b>5,621</b>	<b>8.8</b>	<b>64,170</b>	<b>100.0</b>
	<b>Owner Occupied Units by Tract</b>		<b>Households</b>					
			<b>HHs by Tract</b>		<b>HHs &lt; Poverty by Tract</b>		<b>HHs by HH Income</b>	
	#	%	#	%	#	%	#	%
Low	1,364	2.0	3,854	3.9	1,448	37.6	22,667	23.0
Moderate	10,116	14.6	20,242	20.5	3,991	19.7	16,171	16.4
Middle	41,694	60.3	53,620	54.3	6,077	11.3	18,657	18.9
Upper	15,961	23.1	20,980	21.3	1,285	6.1	41,201	41.7
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>69,135</b>	<b>100.0</b>	<b>98,696</b>	<b>100.0</b>	<b>12,801</b>	<b>13.0</b>	<b>98,696</b>	<b>100.0</b>
	<b>Total Businesses by Tract</b>		<b>Businesses by Tract and Revenue Size</b>					
			<b>Less than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue not Reported</b>	
	#	%	#	%	#	%	#	%
Low	598	3.3	541	3.3	33	3.8	24	3.0
Moderate	3,860	21.5	3,414	20.9	240	27.9	206	25.8
Middle	10,194	56.8	9,296	57.0	454	52.9	444	55.6
Upper	3,303	18.4	3,046	18.7	132	15.4	125	15.6
NA	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>17,955</b>	<b>100.0</b>	<b>16,297</b>	<b>100.0</b>	<b>859</b>	<b>100.0</b>	<b>799</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				90.8		4.8		4.5

\*NA-Tracts without household or family income as applicable

The bank operates eight full-service branches within this market area. As of June 2010, WB ranked 11<sup>th</sup> out of 23 financial institutions in local deposit market share according to data compiled by the Federal Deposit Insurance Corporation (FDIC). WB holds 2.5% of the assessment area's deposits (credit union deposits are not included).

Primary employment industries include agriculture, commercial and sport fishing, tourism, health care, local governments, and area school boards. Major area employers include municipal governments (including area school boards), New Hanover Regional Medical Center, the University of North Carolina, The Shaw Group (construction), Cellco Partnership (wireless phone network), Wal-Mart (retail stores), Progress Energy Service Company, and Cape Fear Community College. Current and recent periodic unemployment rates are included in the following table:

Unemployment Rate Trend					
Area	Oct 2008	April 2009	Oct 2009	April 2010	Oct 2010
Brunswick County	6.9%	10.1%	10.6%	10.3%	9.8%
New Hanover County	5.7%	8.9%	9.5%	9.3%	8.6%
Wilmington, NC MSA	6.2%	9.5%	10%	9.8%	9%
North Carolina	6.8%	10.3%	10.5%	10.1%	9.2%

As indicated by the table, area unemployment rates have risen substantially since the previous evaluation. Rising and/or high area unemployment rates may adversely affect a bank's ability to extend credit as unemployed applicants often have diminished repayment capacity. The most current data (October 2010) suggest that unemployment rates may have stabilized within North Carolina and in the communities within the bank's assessment area.

A local community development official was contacted during the evaluation to assist in evaluating the bank's CRA performance. The contact indicated that local economic conditions remain depressed and that certain business expansion projects have been delayed until the economy improves. The contact stated that depressed tourism levels have negatively affected the region, as many area residents and businesses are dependent on summer tourism activities. The contact suggested that certain infrastructure improvements could make the market area more attractive for business startups and relocations which would create new employment opportunities. Despite the difficult economic conditions, the contact indicated that local financial institutions are adequately serving the needs of the local market.

#### **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:**

During calendar year 2009, the bank originated \$3.2 million in HMDA (residential mortgage) loans and \$3.7 million in small business loans within this assessment area. Accordingly, the bank's small business lending performance is given slightly more weight than the HMDA performance when evaluating the bank's overall lending performance.

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

The bank's HMDA and small business borrower distribution performances are considered reasonable overall.

**Distribution of HMDA Loans by Income Level of Borrower**

Wilmington, NC MSA (2009)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
	(5) Home Purchase				(4,879)			
Low	0	0.0	0	0.0	172	3.5	16,386	1.6
Moderate	0	0.0	0	0.0	951	19.5	128,777	12.7
	(5) Refinance				(12,433)			
Low	0	0.0	0	0.0	477	3.8	53,285	2.0
Moderate	1	20.0	58	11.1	1,887	15.2	255,544	9.6
	(5) Home Improvement				(342)			
Low	1	20.0	40	36.4	31	9.1	1,175	2.7
Moderate	1	20.0	3	2.7	69	20.2	5,167	12.0
	(0) Multi-Family				(0)			
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
	<b>HMDA Totals</b>							
Low	1	6.7	40	1.7	680	3.9	70,846	1.9
Moderate	2	13.3	61	2.6	2,907	16.5	389,488	10.5
Middle	7	46.7	492	20.7	3,984	22.6	655,874	17.6
Upper	5	33.3	1,784	75.1	10,083	57.1	2,602,655	70.0
<b>Total</b>	<b>15</b>	<b>100.0</b>	<b>2,377</b>	<b>100.0</b>	<b>17,654</b>	<b>100.0</b>	<b>3,718,863</b>	<b>100.0</b>
Unknown	5		795		2,967		569,724	

( ) represents the total number of bank loans for the specific Loan Purpose where income is known  
Percentage's (%) are calculated on all loans where incomes are known

During 2009, WB reported only a limited volume of HMDA loan originations (20) within this assessment area. The bank's HMDA lending volume (number of loans) is equally distributed across the home purchase, refinance, and home improvement product lines, while refinance loans represented the single largest product extended by the aggregate reporters. When considering WB's borrower distribution performance by product line, the absence of home purchase loans to low- and moderate-income borrowers is considered poor, while their refinance loan performance is considered reasonable given the strength of their moderate-income borrower performance. The bank's home improvement loan borrower distribution performance is considered excellent given the strength of the low-income borrower performance.

When considering the bank's overall performance during 2009, lending to low-income borrowers (6.7%) lags the percentage of low-income families in the assessment area (19.9%) but substantially exceeds the aggregate lending level to such borrowers (3.9%). The bank's level of lending to moderate-income borrowers (13.3%) slightly lags both the percentage of moderate-income families living in the assessment area (17.7%) and the aggregate lending level (16.5%). The bank's performance during 2009 is considered reasonable and its performance during 2008 was substantially similar.

**Distribution of Lending by Loan Amount and Size of Business**

Wilmington, NC MSA (2009)								
<i>by Revenue</i>	<b>Bank</b>				<b>Aggregate*</b>			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	34	87.2	3,020	82.4	2,626	28.8	214,056	56.0
Over \$1 Million	5	12.8	644	17.6	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
<i>by Loan Size</i>	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$100,000 or less	34	87.2	1,016	27.7	8,325	91.3	108,594	28.4
\$100,001-\$250,000	1	2.6	138	3.8	403	4.4	69,418	18.2
\$250,001-\$1 Million	4	10.3	2,509	68.5	389	4.3	204,329	53.4
<b>Total</b>	<b>39</b>	<b>100.0</b>	<b>3,663</b>	<b>100.0</b>	<b>9,117</b>	<b>100.0</b>	<b>382,341</b>	<b>100.0</b>

\* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

According to recent D&B data, 90.8% of all local businesses have annual revenues of \$1 million or less. According to aggregate data from 2009, 28.8% of all small business loans were extended to businesses having annual revenues of \$1 million or less. The remaining loans were made to businesses that had annual revenues exceeding \$1 million or their level of revenue was not known. The performance of a peer group of traditional bank lenders, which excludes credit card and other specialty lenders, was also considered in the evaluation. According to the 2009 data, 75.6% of the peer group's reported small business loans were to businesses with annual revenues of \$1 million or less. The remaining loans were to businesses with revenues in excess of \$1 million per year or revenues were not known. Overall, 87.2% of the bank's small business loans considered in this evaluation were to businesses with annual revenues of \$1 million or less. The bank's level of lending is considered to be at upper end of the range of a reasonable performance and WB's performance during 2010 is similar.

**Geographic Distribution of Loans**

The bank's HMDA and small business geographic distribution performances each vary between poor and reasonable by year. The bank's overall HMDA performance is considered reasonable, while its small business performance is considered poor. The bank's combined product performance is considered poor. In reaching this conclusion, slightly more weight was placed on the bank's small business performance because of the larger dollar volume of such lending during 2009 (\$3.7 million for small business vs. \$3.2 million for HMDA).

**Distribution of HMDA Loans by Income Level of Census Tract**

Wilmington, NC MSA (2009)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(8) Home Purchase				(5,707)			
Low	0	0.0	0	0.0	78	1.4	9,567	0.8
Moderate	0	0.0	0	0.0	1,033	18.1	172,747	15.0
	(7) Refinance				(14,550)			
Low	0	0.0	0	0.0	117	0.8	17,259	0.6
Moderate	0	0.0	0	0.0	1,639	11.3	283,174	9.2
	(5) Home Improvement				(355)			
Low	0	0.0	0	0.0	3	0.8	314	0.7
Moderate	1	20.0	20	18.2	34	9.6	3,205	7.1
	(0) Multi-Family				(9)			
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	5	55.6	3,769	67.5
	<b>HMDA Totals</b>							
Low	0	0.0	0	0.0	198	1.0	27,140	0.6
Moderate	1	5.0	20	0.6	2,711	13.1	462,895	10.8
Middle	19	95.0	3,152	99.4	12,844	62.3	2,539,404	59.2
Upper	0	0.0	0	0.0	4,868	23.6	1,259,148	29.4
NA *	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>20</b>	<b>100.0</b>	<b>3,172</b>	<b>100.0</b>	<b>20,621</b>	<b>100.0</b>	<b>4,288,587</b>	<b>100.0</b>

\*NA-Tracts without household or family income as applicable

( ) represents the total number of bank loans for the specific Loan Purpose

Loans where the geographic location is unknown are excluded from this table.

When considering the aggregate data, refinancings were the predominate HMDA loan type within the assessment area. WB's lending volume by product line was more evenly distributed among various loan types. The limited number of multi-family loans reported by the aggregate lenders indicates that there is very little demand for such lending within the assessment area. Consequently, WB's multi-family loan performance is given little weight when considering its geographic distribution performance. When considering WB's performance across the remaining loan types, the absence of home purchase and refinance loans to residents of low- and moderate-income census tracts is considered poor. The bank's home improvement performance is considered excellent given the strength of the moderate-income census tract performance and limited demand for such loans from low-income census tract residents.

During 2009, WB reported originating 0% and 5% of their HMDA loans to residents of low- and moderate-income census tracts, respectively. During the same time period, the aggregate lenders reported originating 1% and 13.1% of their loans to low- and moderate-income census tract residents, respectively. The demographic data reflect a similar distribution pattern in that 2% and 14.6% of all owner-occupied housing units are located in low- and moderate-income census tracts, respectively. WB's overall performance during 2009 is poor primarily because of its weak lending performance in moderate-income census tracts.

During 2008, WB's geographic distribution performance was better than its performance during 2009. Specifically, WB reported originating 30 HMDA loans totaling \$8.6 million during 2008 in the assessment area. Of these loans, none were to residents of the low-income census tracts and 6 (20%) totaling \$560,000 were to moderate-income census tract residents. During 2008, the aggregate lenders

reported originating 1.5% and 15.9% of their loans to low- and moderate-income census tract residents. The bank's performance during 2008 is considered reasonable because of the strength of the moderate-income census tract lending performance and limited loan demand from low-income census tract residents.

When considering the bank's overall HMDA geographic distribution performance during 2008 and 2009, the bank's performance during 2008 is given more weight because of the larger dollar volume (\$8.6 million vs. \$3.2 million) of such lending. Accordingly, the bank's performance during 2008 and 2009 is considered reasonable overall.

**Distribution of Small Business Loans by Income Level of Census Tract**

Wilmington, NC MSA (2009)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
Low	0	0.0	0	0.0	276	3.1	9,844	2.6
Moderate	2	5.1	60	1.6	1,767	19.6	98,988	26.0
Middle	27	69.2	1,984	54.2	4,913	54.4	172,773	45.3
Upper	10	25.6	1,619	44.2	2,069	22.9	99,677	26.1
NA*	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>39</b>	<b>100.0</b>	<b>3,663</b>	<b>100.0</b>	<b>9,025</b>	<b>100.0</b>	<b>381,282</b>	<b>100.0</b>

\*NA-Tracts without household or family income as applicable

During 2009, the bank's level of small business lending in low-income census tracts (0%) lags the percentage of businesses located in such areas (3.3%) as well as the aggregate lending level (3.1%). The bank's level of small business lending in moderate-income (5.1%) census tracts also significantly lags the percentage of businesses located in such areas (21.5%) and the aggregate reporter level (19.6%). The bank's performance during 2009 is considered to be poor.

The bank's small business geographic distribution performance during 2010 was somewhat better than the bank's prior year performance. During the first six months of 2010, WB originated 13 small business loans totaling \$2 million. Of these loans, none were extended to businesses located in low-income census tracts and 2 (15.4%) totaling \$49,000 were extended to businesses located in moderate-income census tracts. The bank's performance during 2010 is considered to be within the lower-end of the range for reasonable performance when considering the demographic and aggregate lender data from 2009, which is considered as an element of performance context because the 2010 aggregate data is not yet available.

The bank's overall small business geographic distribution performance is considered poor primarily because of the bank's weaker performance during 2009.

**Community Development Loans, Investments, and Services**

During the evaluation period, representatives from the bank have provided financial technical expertise to the following entities within the Wilmington, NC MSA assessment area:

- Brunswick Community College (small business development)
- Brunswick County Habitat for Humanity (affordable housing)
- Brunswick Community Foundation (community services)
- Brunswick Economic Development Commission (small business development)
- Cape Fear Business Alliance (small business development)
- Communities in Schools of Brunswick County (financial education)

During the evaluation period, the bank provided a \$150 charitable donation to a local community development organization within this assessment area. The bank also offers free and low-cost checking accounts, which can benefit area low- and moderate-income residents and small businesses.

Discussions with individuals knowledgeable of the local market area and the review of the performance evaluations of other area financial institutions indicate that community development opportunities are reasonably available within the assessment area. The bank may be somewhat constrained in making new loans, including community development loans, given current market conditions and the structure of the bank's balance sheet. The bank faces few constraints, however, in investing in qualified community development securities and participating in qualified community development services. The bank's performance is considered poor given the absence of both community development lending and any substantive qualified investments by the bank within this assessment area during the evaluation period.



**NONMETROPOLITAN AREA**

(If some or all of the assessment areas within the nonmetropolitan statewide area were reviewed using full-scope review)

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE COLUMBUS, NC NONMSA ASSESSMENT AREA**

This assessment area is located in a nonmetropolitan area within southeastern North Carolina and includes the bank's headquarters. According to the 2000 census data, the area has a population of 87,027 and a median housing value of \$60,330. The owner-occupancy rate equals 66.8%, which is higher than the rate for the nonmetropolitan areas in North Carolina (62.7%). The percentage of families living below the poverty level in the assessment area (17.3%) is substantially higher than the rates for nonmetropolitan areas of North Carolina (11.3%). The 2010 median family income for the nonmetropolitan areas of North Carolina equals \$50,400. The following table includes pertinent demographic data for the assessment area.

**Assessment Area Demographics**

Columbus, NC NonMSA								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	6,704	27.9
Moderate	9	47.4	11,867	49.3	2,357	19.9	4,730	19.7
Middle	10	52.6	12,199	50.7	1,796	14.7	5,088	21.1
Upper	0	0.0	0	0.0	0	0.0	7,544	31.3
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>19</b>	<b>100.0</b>	<b>24,066</b>	<b>100.0</b>	<b>4,153</b>	<b>17.3</b>	<b>24,066</b>	<b>100.0</b>
	<b>Owner Occupied Units by Tract</b>		<b>Households</b>					
			<b>HHs by Tract</b>		<b>HHs &lt; Poverty by Tract</b>		<b>HHs by HH Income</b>	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	11,184	32.7
Moderate	12,778	48.6	16,997	49.7	4,196	24.7	5,897	17.3
Middle	13,530	51.4	17,181	50.3	3,331	19.4	5,756	16.8
Upper	0	0.0	0	0.0	0	0.0	11,341	33.2
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>26,308</b>	<b>100.0</b>	<b>34,178</b>	<b>100.0</b>	<b>7,527</b>	<b>22.0</b>	<b>34,178</b>	<b>100.0</b>
	<b>Total Businesses by Tract</b>		<b>Businesses by Tract and Revenue Size</b>					
			<b>Less than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue not Reported</b>	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,838	50.1	1,691	50.4	58	40.6	89	52.0
Middle	1,831	49.9	1,664	49.6	85	59.4	82	48.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>3,669</b>	<b>100.0</b>	<b>3,355</b>	<b>100.0</b>	<b>143</b>	<b>100.0</b>	<b>171</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				91.4		3.9		4.7

\*NA-Tracts without household or family income as applicable

According to data published by the FFIEC, all ten middle-income census tracts within the assessment area have been designated as being distressed because of high area poverty rates. Four of the distressed middle-income census tracts are located in Bladen County and six are located in Columbus County.

The bank operates four full-service branches within this market area. As of June 2010, WB ranked 2<sup>nd</sup> out of nine financial institutions in local deposit market share according to data compiled by the FDIC. WB holds 29.5% of the assessment area's deposits (credit union deposits are not included).

The major industries in the area are agriculture, manufacturing, health care, and retail trade. Given the more rural nature of the assessment area, some local residents commute to more urban areas, primarily the Wilmington, NC MSA, for employment. Major area employers include area municipalities (including school systems), Smithfield Foods (pork processor), International Paper, North Carolina State Department of Corrections, QSI (food sanitation contractor), Columbus Regional Healthcare System, Wal-Mart (retail stores), and Danaher Industrial Controls (electronic control manufacturer). Current and recent periodic unemployment rates are included in the following table:

Unemployment Rate Trend					
Area	Oct 2008	April 2009	Oct 2009	April 2010	Oct 2010
Bladen County	8.3%	11.2%	11.5%	11.4%	10.9%
Columbus County	8.3%	12.4%	11.8%	11.8%	10.9%
North Carolina	6.8%	10.3%	10.5%	10.1%	9.2%

As indicated by the table, area unemployment rates have risen significantly since the previous evaluation. Rising and/or high area unemployment rates may adversely affect a bank's ability to extend credit as unemployed applicants often have diminished repayment capacity. The most current data (October 2010) suggest that unemployment rates may have stabilized within North Carolina and in the communities within the bank's assessment area.

A local community development official was contacted during the examination to discuss local economic conditions and area credit needs. The contact stated that affordable housing stock remains low in relation to demand and that demand has increased as the local economy deteriorated. The contact noted that the recent completion of a 40-unit affordable housing complex would meet some but not all of the area's affordable housing needs. The contact suggested that a mixture of funding sources, including credit- and grant-based, would be needed to meet the area's current and projected affordable housing needs. The contact stated despite the challenging economic conditions that local financial institutions were adequately meeting area credit needs.

#### **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:**

During calendar year 2009, the bank originated \$2.8 million in HMDA loans and \$3.2 million in small business loans within this assessment area. Accordingly, the bank's small business lending performance is given slightly more weight than the HMDA performance when evaluating the bank's overall lending performance.

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

The bank's residential mortgage loan performance varies from excellent to reasonable by year and is considered reasonable overall. The bank's small business performance is also considered reasonable within the assessment area.

**Distribution of HMDA Loans by Income Level of Borrower**

Columbus, NC NonMSA (2009)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
	(11) Home Purchase				(331)			
Low	1	9.1	40	7.3	18	5.4	986	2.5
Moderate	1	9.1	60	11.0	77	23.3	5,793	14.6
	(15) Refinance				(1,005)			
Low	1	6.7	8	0.6	63	6.3	3,937	2.9
Moderate	4	26.7	175	13.5	134	13.3	11,725	8.7
	(21) Home Improvement				(121)			
Low	1	4.8	3	0.7	10	8.3	295	4.6
Moderate	7	33.3	196	43.6	25	20.7	795	12.5
	(0) Multi-Family				(0)			
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
	<b>HMDA Totals</b>							
Low	3	6.4	51	2.2	91	6.2	5,218	2.9
Moderate	12	25.5	431	18.8	236	16.2	18,313	10.2
Middle	12	25.5	420	18.3	338	23.2	35,082	19.5
Upper	20	42.6	1,395	60.7	792	54.4	121,600	67.5
<b>Total</b>	<b>47</b>	<b>100.0</b>	<b>2,297</b>	<b>100.0</b>	<b>1,457</b>	<b>100.0</b>	<b>180,213</b>	<b>100.0</b>
<i>Unknown</i>	5		468		245		33,373	

( ) represents the total number of bank loans for the specific Loan Purpose where income is known  
Percentage's (%) are calculated on all loans where incomes are known

Within the Columbus, NC NonMSA assessment area, refinancings were the predominate loan type reported by the aggregate lenders during 2009, while WB's reported loan volume was more evenly distributed among the home purchase, refinance, and home improvement loan types. Because loans for multi-family housing were not reported by the either the bank or the aggregate lenders, the performance of this loan type is not a factor in the analysis. When considering WB's performance by loan type, its home purchase performance is considered poor because of the low level of lending to moderate-income borrowers. The bank's refinance and home improvement loan performances are considered excellent primarily because of the strength the bank's moderate-income borrower performances.

When considering the bank's overall performance during 2009, lending to low-income borrowers (6.4%) lags the percentage of low-income families in the assessment area (27.9%), but is similar to the aggregate lending level to such borrowers (6.2%). The bank's level of lending to moderate-income borrowers (25.5%) substantially exceeds both the percentage of moderate-income families living in the assessment area (19.7%) and the aggregate lending level (16.2%). The bank's performance during 2009 is considered excellent and reflects the strength of the bank's moderate-income borrower lending performance.

During 2008, the bank reported originating 57 loans totaling \$3.3 million within this assessment area. Of these loans, seven (12.3%) loans totaling \$236,000 were extended to low-income borrowers, while seven (12.3%) loans totaling \$383,000 were extended to moderate-income borrowers. According to aggregate data from 2008, 8.6% of all reported loans were to low-income borrowers and 17.1% were to moderate-income borrowers. The bank's performance during 2008 is considered reasonable overall.

When considering the bank’s combined performance during 2008 and 2009, the bank’s performance during 2008 was given slightly more weight because of the large dollar volume of such lending (\$3.3 million vs. \$2.8 million) within the assessment area. Accordingly, the bank’s HMDA borrower distribution performance is considered reasonable overall.

**Distribution of Lending by Loan Amount and Size of Business**

Columbus, NC NonMSA (2009)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	46	78.0	2,440	76.7	575	31.6	32,452	59.3
Over \$1 Million	13	22.0	740	23.3	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	53	89.8	1,724	54.2	1,723	94.6	23,268	42.5
\$100,001-\$250,000	5	8.5	821	25.8	57	3.1	9,900	18.1
\$250,001-\$1 Million	1	1.7	635	20.0	41	2.3	21,592	39.4
<b>Total</b>	<b>59</b>	<b>100.0</b>	<b>3,180</b>	<b>100.0</b>	<b>1,821</b>	<b>100.0</b>	<b>54,760</b>	<b>100.0</b>

\* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

According to recent D&B data, 91.4% of all local businesses have annual revenues of \$1 million or less. According to aggregate data from 2009, 31.6% of all small business loans were extended to businesses having annual revenues of \$1 million or less. The remaining loans were made to businesses that had annual revenues exceeding \$1 million or their level of revenue was not known. The performance of a peer group of traditional bank lenders, which excludes credit card and other specialty lenders, was also considered in the evaluation. According to the 2009 data, 83.3% of the peer group’s reported small business loans were to businesses with annual revenues of \$1 million or less. The remaining loans were to businesses with revenues in excess of \$1 million per year or revenues were not known. Overall, 78% of the bank’s small business loans considered in this evaluation were to businesses with annual revenues of \$1 million or less. The bank’s level of lending is considered reasonable, and its performance during 2010 is similar.

**Geographic Distribution of Loans**

There are no low- or upper-income census tracts in the assessment area. The bank’s geographic distribution performance is considered excellent for HMDA lending and at the upper-end of the reasonable performance range for small business lending. WB’s overall geographic distribution performance within this assessment area is excellent and reflects, in part, the strength of the bank’s HMDA performance.

**Distribution of HMDA Loans by Income Level of Census Tract**

Columbus, NC NonMSA (2009)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
	(13) Home Purchase				(387)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	8	61.5	561	68.8	153	39.5	15,528	34.1
	(16) Refinance				(1,188)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	13	81.3	895	60.7	503	42.3	60,164	37.3
	(23) Home Improvement				(127)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	16	69.6	292	61.5	70	55.1	2,872	43.2
	(0) Multi-Family				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
	<b>HMDA Totals</b>							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	37	71.2	1,748	63.2	726	42.7	78,564	36.8
Middle	15	28.8	1,017	36.8	976	57.3	135,022	63.2
Upper	NA	NA	NA	NA	NA	NA	NA	NA
NA*	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>52</b>	<b>100.0</b>	<b>2,765</b>	<b>100.0</b>	<b>1,702</b>	<b>100.0</b>	<b>213,586</b>	<b>100.0</b>

\*NA-Tracts without household or family income as applicable

( ) represents the total number of bank loans for the specific Loan Purpose

Loans where the geographic location is unknown are excluded from this table.

Based on data from 2009, refinancings were reported most frequently by the aggregate reporters, while WB's lending by loan type is more evenly distributed. The bank's level of home purchase, refinance, and home improvement lending is considered excellent when considering the proportion of owner-occupied housing units located in such areas (48.6%) and the corresponding aggregate lending levels in such census tracts. Overall, 71.2% of the bank's loans were originated to residents of the moderate-income census tracts, which substantially exceeds the proportion of owner-occupied dwellings in such areas and the aggregate lender performance (42.7%). WB's performance during 2009 is considered excellent, and its performance during 2008 is similar.

**Distribution of Small Business Loans by Income Level of Census Tract**

Columbus, NC NonMSA (2009)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	41	69.5	1,734	54.5	956	53.8	29,758	54.8
Middle	18	30.5	1,446	45.5	821	46.2	24,504	45.2
Upper	NA	NA	NA	NA	NA	NA	NA	NA
NA*	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>59</b>	<b>100.0</b>	<b>3,180</b>	<b>100.0</b>	<b>1,777</b>	<b>100.0</b>	<b>54,262</b>	<b>100.0</b>

\*NA-Tracts without household or family income as applicable

The bank's level of small business lending in moderate-income census tracts (69.5%) exceeds both the percentage of businesses located in such areas (50.1%) and the aggregate lending level (53.8%). The bank's performance is considered to be excellent.

The bank's performance during 2010 was not as strong as its performance during 2009. During the first six months of 2010, WB originated 16 small business loans totaling \$1.5 million. Of these loans, eight (50%) were to businesses located in moderate-income census tracts. The bank's level of lending in moderate-income census tracts is analogous to the percentage of businesses located in such areas (50.1%) and the aggregate lending data from 2009 (53.8%), which is considered as an element of performance context because aggregate data from 2010 is not available. The bank's performance during 2010 is considered to be reasonable.

Based on the partial year's loan data from 2010, WB was on pace to have originated approximately \$3 million in small business loans within the Columbus, NC NonMSA assessment area, which is similar to the 2009 loan volume. Consequently, the bank's overall small business geographic distribution performance is considered reasonable.

### **Community Development Loans, Investments, and Services**

During the evaluation period, representatives from the bank have provided financial technical expertise to the following entities within the Columbus, NC NonMSA assessment area:

- Bladen County Airport and Economic Development Board (small business development)
- Bladen County Committee of 100 (small business development)
- Bladen We Care (community service)
- Columbus County Committee of 100 (small business development)
- Columbus County Economic Development Commission (small business development)
- Columbus County-North Carolina Community Foundation (community service)
- DREAM CENTER (community service)
- Elizabethtown Committee of 100 (small business development)
- Industry Business Advisory Council of Columbus County (small business development)
- International Logistics Park of North Carolina (small business development)
- Southeast Economic Development Commission (small business development)
- Southeastern Community College (small business development)
- Tabor City Committee of 100 (small business development)
- Whiteville Downtown Development (small business development)

The bank also made the following qualified investment (donation) and loan during the evaluation period:

- In participation with another lender, WB renewed a community development loan to a local CDC. WB's portion of the loan renewal totaled \$292,500.
- The institution made a \$750 charitable donation to a local non-profit CDC.

The bank continues to offer free and low-cost checking accounts, which can benefit area low- and moderate-income residents and small businesses.

Discussions with individuals knowledgeable of the local market area and the review of the performance evaluations of other area financial institutions indicate that community development opportunities are limited within the assessment area. The bank may be somewhat constrained in making new loans, including community development loans, given current market conditions and the structure of the bank's balance sheet. The bank faces few constraints, however, in investing in qualified community development securities and participating in qualified community development services. While the bank participated in the renewal of a community development loan within the assessment area during the evaluation period, the beneficial impact of the loan to the local community has been limited to date, as the loan proceeds were utilized to develop an industrial site that is currently unoccupied.

During the evaluation period, the bank and its representatives actively supported community development service endeavors within the assessment area. However, the bank's involvement in community development lending and investment activities has had only a limited beneficial impact on the local market area. The bank's participation in community development activities is considered poor within the Columbus, NC NonMSA assessment area.

**STATE OF SOUTH CAROLINA**

**CRA RATING FOR SOUTH CAROLINA: Needs to Improve**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Needs to Improve**

Major factors supporting the rating include:

- The bank's borrower distribution performance is considered reasonable within the bank's Myrtle Beach-North Myrtle Beach-Conway, SC MSA assessment area and poor in the Lancaster, SC NonMSA assessment area. The bank's overall borrower distribution performance is considered reasonable, as only limited weight was placed on the bank's Lancaster, SC NonMSA assessment area's performance because of its small relative size. The bank's geographic distribution performance is considered reasonable in the Myrtle Beach-North Myrtle Beach-Conway, SC MSA assessment area. Because the Lancaster, SC NonMSA assessment area includes only middle-income census tracts, its geographic distribution performance is not a factor in the analysis.
- The bank's participation in qualified community development activities reflects a poor level of responsiveness within the state given the community development needs that exist within the South Carolina assessment areas and the bank's capacity to participate in meeting such needs.
- According to the rating guidelines for Regulation BB, which implements the Community Reinvestment Act, a composite rating of at least satisfactory is applicable if both the lending and community development tests are rated at least satisfactory. Because the bank's community development test performance is less than satisfactory, the bank's overall rating specific to South Carolina is needs to improve.

**SCOPE OF EXAMINATION**

WB serves two assessment areas within South Carolina. Based on its relative size, the Myrtle Beach-North Myrtle Beach-Conway, SC MSA assessment area was subject to a full-scope review, while the Lancaster, SC NonMSA assessment area, which is much smaller, was subject to a limited-scope review.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN SOUTH CAROLINA**

The institution operates five branches throughout the State of South Carolina, of which one (20%) is located in a moderate-income area. Based on the 2000 census data, the institution's South Carolina markets have a total population of 209,572. The 2010 median family income within the Myrtle Beach-North Myrtle Beach-Conway, SC MSA equals \$53,200, while the median family income for the nonmetropolitan areas of South Carolina equals \$49,100.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:**

**Lending To Borrowers of Different Incomes and To Businesses of Different Sizes**

The bank's borrower distribution performance varies by product and year within the South Carolina assessment areas. Overall, the bank's borrower distribution performance is considered reasonable in the Myrtle Beach-North Myrtle Beach-Conway, SC MSA assessment area and poor in the Lancaster, SC NonMSA assessment area. When considering the bank's overall borrower distribution performance in South Carolina, more weight was placed on the bank's performance in the Myrtle Beach-North Myrtle Beach-Conway, SC MSA assessment area because of its larger relative size. Accordingly, the bank's overall borrower distribution performance is reasonable.



### **Geographic Distribution of Loans**

The bank's geographic distribution performance is excellent for small business lending and reasonable for HMDA lending in the Myrtle Beach-North Myrtle Beach-Conway, SC MSA assessment area. The overall geographic distribution performance is reasonable when considering variations in product performance and larger dollar volume of HMDA lending. As previously noted, the geographic distribution performance of the Lancaster, SC NonMSA assessment area is not considered, as the market includes only middle-income census tracts.

### **Community Development Loans, Investments, and Services**

During the evaluation period, WB community development activity was limited to providing technical support to three community development organizations within one of the South Carolina assessment areas and offering free and low-cost checking accounts. Reviews of the qualified community development activities of other institutions operating the same markets as WB found more extensive use of both qualified investments and community development lending than utilized by WB. Overall, the bank's level of community development activities within South Carolina is poor.

#### **METROPOLITAN AREA**

(If some or all of the assessment areas within the metropolitan statewide area were reviewed using full-scope review)

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN MYRTLE BEACH-NORTH MYRTLE BEACH-CONWAY, SC MSA ASSESSMENT AREA**

This assessment area includes all of the Myrtle Beach-North Myrtle Beach-Conway, SC MSA, a popular beach destination. According to the 2000 census data, the area has a population of 196,629 and a median housing value of \$95,417. The owner-occupancy rate for the MSA equals 48.9%, which is lower than the rate for the State of South Carolina (63.2%) and reflects the large volume of vacation properties located within the assessment area. The percentage of families living below the poverty level in the assessment area (8.4%) is lower than the rate for the State of South Carolina (10.7%). The 2010 median family income for the assessment area equals \$53,200. The following table includes pertinent demographic data for the assessment area.

**Assessment Area Demographics**

Myrtle Beach-North Myrtle Beach-Conway, SC MSA								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	9,946	18.2
Moderate	7	16.3	6,461	11.8	1,031	16.0	10,697	19.5
Middle	27	62.8	39,016	71.2	3,211	8.2	12,545	22.9
Upper	9	20.9	9,300	17.0	333	3.6	21,589	39.4
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>43</b>	<b>100.0</b>	<b>54,777</b>	<b>100.0</b>	<b>4,575</b>	<b>8.4</b>	<b>54,777</b>	<b>100.0</b>
	Owner Occupied Units by Tract	<b>Households</b>						
		HHs by Tract		HHs < Poverty by Tract		HHs by HH Income		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	16,429	20.1
Moderate	5,805	9.7	10,060	12.3	2,119	21.1	14,788	18.1
Middle	43,069	72.1	55,934	68.4	6,046	10.8	17,626	21.6
Upper	10,825	18.1	15,791	19.3	972	6.2	32,942	40.3
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>59,699</b>	<b>100.0</b>	<b>81,785</b>	<b>100.0</b>	<b>9,137</b>	<b>11.2</b>	<b>81,785</b>	<b>100.0</b>
	Total Businesses by Tract	<b>Businesses by Tract and Revenue Size</b>						
		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	2,048	14.6	1,789	14.3	136	18.9	123	16.0
Middle	8,710	62.3	7,938	63.5	375	52.2	397	51.8
Upper	3,222	23.0	2,767	22.1	208	28.9	247	32.2
NA	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>13,980</b>	<b>100.0</b>	<b>12,494</b>	<b>100.0</b>	<b>719</b>	<b>100.0</b>	<b>767</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				89.4		5.1		5.5

\*NA-Tracts without household or family income as applicable

The bank operates four full-service branches within this market area. As of June 2010, WB ranked 20<sup>th</sup> out of 26 financial institutions in local deposit market share according to data compiled by the FDIC. WB holds .6% of the assessment area's deposits (credit union deposits are not included).

The major industries in the area are tourism, retail trade, and health care. Major area employers include area municipalities (including the school system), Wal-Mart (retail stores), Grand Strand Regional Medical Center, AVX Corporation (electronic component manufacturer), Coastal Carolina University, and Blue Cross Blue Shield. Current and recent periodic unemployment rates are included in the following table:

Unemployment Rate Trend					
Area	Oct 2008	April 2009	Oct 2009	April 2010	Oct 2010
Horry County	8.6%	11%	12.5%	10.8%	10.5%
South Carolina	7.9%	10.9%	12.3%	10.3%	10.2%

As indicated by the table, area unemployment rates have risen significantly since the previous evaluation. Rising and/or high area unemployment rates may adversely affect a bank's ability to extend credit as unemployed applicants often have diminished repayment capacity. The most current data (October 2010) suggest that unemployment rates may have stabilized within South Carolina and in the communities within the bank's assessment area.

A local community development official was contacted during the examination to discuss local housing conditions and area credit needs. The contact stated that despite an increase in affordable housing stock, demand continues to exceed the supply, and this trend is expected to continue in the future because of volatile local economic conditions. The contact suggested that while there is a need for affordable housing, there is only a limited focus on creating affordable housing within the market area. The contacted suggested that it would be helpful if additional lenders were willing to fund affordable housing projects; however, grant-based funding is often needed to supplement the developer's equity stake. Despite these difficulties, the contact's perception was that local financial institutions are adequately serving the needs of the local community.

#### **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:**

During calendar year 2009, the bank originated \$2.8 million in HMDA loans and \$2.2 million in small business loans within this assessment area. Accordingly, the bank's HMDA lending performance is weighted more heavily than the small business performance when evaluating the bank's overall lending performance.

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

Within this assessment area, the bank's HMDA borrower distribution performance varies from poor to reasonable by year and is considered poor overall, while the bank's small business loan performance varies from reasonable to excellent by year and overall is considered excellent. On a combined basis, the bank's borrower distribution level within the assessment area is considered to be at the lower-end of the range for reasonable performance because the bank's HMDA performance is weighted more heavily given the larger dollar volume of such lending within the market during 2009.

**Distribution of HMDA Loans by Income Level of Borrower**

Myrtle Beach-North Myrtle Beach-Conway, SC MSA (2009)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
	(5) Home Purchase				(5,181)			
Low	0	0.0	0	0.0	223	4.3	19,328	2.4
Moderate	1	20.0	90	23.0	805	15.5	90,573	11.0
	(3) Refinance				(8,174)			
Low	0	0.0	0	0.0	420	5.1	40,836	2.9
Moderate	0	0.0	0	0.0	1,158	14.2	131,811	9.2
	(2) Home Improvement				(334)			
Low	0	0.0	0	0.0	30	9.0	1,006	3.8
Moderate	1	50.0	5	55.6	62	18.6	3,899	14.7
	(0) Multi-Family				(0)			
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
	<b>HMDA Totals</b>							
Low	0	0.0	0	0.0	673	4.9	61,170	2.7
Moderate	2	20.0	95	11.0	2,025	14.8	226,283	9.9
Middle	2	20.0	171	19.7	3,220	23.5	447,983	19.7
Upper	6	60.0	600	69.3	7,771	56.8	1,538,946	67.7
<b>Total</b>	<b>10</b>	<b>100.0</b>	<b>866</b>	<b>100.0</b>	<b>13,689</b>	<b>100.0</b>	<b>2,274,382</b>	<b>100.0</b>
Unknown	11		1,886		1,939		437,183	

( ) represents the total number of bank loans for the specific Loan Purpose where income is known  
Percentage's (%) are calculated on all loans where incomes are known

Within the assessment area, refinancings were the predominate loan type reported by the aggregate lenders during 2009, while WB reported only a limited volume (21) of loans in total. Because loans for multi-family housing were not reported by either the bank or the aggregate lenders, the performance of this loan type is not a factor in the analysis. When considering WB's performance by loan type, its home purchase performance is considered reasonable based on the strength of its moderate-income borrower performance. The bank's refinance performance is considered poor given the absence of lending to low- and moderate-income borrowers, while the bank's home improvement lending is considered excellent given the strength of the bank's moderate-income borrower performance.

When considering the bank's overall performance during 2009, lending to low-income borrowers (0%) is consider poor as it lags the percentage of low-income families in the assessment area (18.2%) and the aggregate lending level to such borrowers (4.9%). The bank's lending to moderate-income borrowers (20%) exceeds the percentage of moderate-income families living in the assessment area (19.5%) and the aggregate lending level (14.8%). The bank's performance during 2009 is considered to be reasonable based on the strength of the bank's moderate-income borrower performance.

During 2008, the bank reported originating 14 loans totaling \$2.5 million for which the borrowers' incomes were known. Of these loans, none were to low-income borrowers and one (7.1%) loan totaling \$17,000 was extended to a moderate-income borrower. The bank's performance during 2008 is poor when considering that the aggregate lenders reported 4% of their loans to low-income borrowers and 13.3% of their loans to moderate-income borrowers.

When considering the bank’s combined performance during 2008 and 2009, the bank’s overall borrower distribution performance is considered to be poor. In reaching this conclusion, more weight was placed on the bank’s performance during 2008 than 2009 because of the larger dollar volume of lending during 2008.

**Distribution of Lending by Loan Amount and Size of Business**

Myrtle Beach-North Myrtle Beach-Conway, SC MSA (2009)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	16	100.0	2,191	100.0	3,138	34.7	198,342	61.2
Over \$1 Million	0	0.0	0	0.0	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	12	75.0	351	16.0	8,399	92.8	112,214	34.6
\$100,001-\$250,000	2	12.5	450	20.5	362	4.0	63,719	19.7
\$250,001-\$1 Million	2	12.5	1,390	63.4	288	3.2	148,072	45.7
<b>Total</b>	<b>16</b>	<b>100.0</b>	<b>2,191</b>	<b>100.0</b>	<b>9,049</b>	<b>100.0</b>	<b>324,005</b>	<b>100.0</b>

\* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

According to recent D&B data, 89.4% of all local businesses have annual revenues of \$1 million or less. According to aggregate data from 2009, 34.7% of all small business loans were extended to businesses having annual revenues of \$1 million or less. The remaining loans were made to businesses that had annual revenues exceeding \$1 million or their level of revenue was not known. The performance of a peer group of traditional bank lenders, which excludes credit card and other specialty lenders, was also considered in the evaluation. According to the 2009 data, 85.6% of the peer group’s reported small business loans were to businesses with annual revenues of \$1 million or less. The remaining loans were to businesses with revenues in excess of \$1 million per year or revenues were not known. Overall, 100% of the bank’s small business loans considered in this evaluation were to businesses with annual revenues of \$1 million or less. The bank’s level of lending is considered excellent.

During the first six months of 2010, the bank extended four small business loans totaling \$705,000. Of these loans, three (75%) totaling \$655,000 were extended to businesses with annual revenues of \$1 million or less. The bank’s level of lending is reasonable when compared to the demographic and peer data, which is considered as an element of performance context in this analysis because aggregate data from 2010 is not available.

Overall the bank’s level of lending is considered excellent. In reaching this conclusion, more weight was placed on the bank’s 2009 lending because of the larger volume of lending than the 2010 level of lending.

**Geographic Distribution of Loans**

There are no low-income census tracts in the assessment area. The bank’s HMDA geographic distribution performance is considered reasonable overall, while the bank’s small business loan performance is excellent. Overall, the bank’s geographic distribution performance within the assessment area is considered reasonable. In reaching this conclusion, more weight was placed on the bank’s HMDA performance than on its small business performance because of the larger dollar volume of such lending during 2009 within the assessment area.

**Distribution of HMDA Loans by Income Level of Census Tract**

Myrtle Beach-North Myrtle Beach-Conway, SC MSA (2009)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
	(14)				Home Purchase (5,723)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	2	14.3	94	5.3	265	4.6	31,692	3.5
	(5)				Refinance (9,531)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	468	4.9	66,442	3.9
	(2)				Home Improvement (351)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	40	11.4	2,308	7.8
	(0)				Multi-Family (23)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	1	4.3	172	0.2
	<b>HMDA Totals</b>							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	2	9.5	94	3.4	774	5.0	100,614	3.7
Middle	17	81.0	2,292	83.3	12,159	77.8	2,039,708	75.2
Upper	2	9.5	366	13.3	2,695	17.2	571,243	21.1
NA*	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>21</b>	<b>100.0</b>	<b>2,752</b>	<b>100.0</b>	<b>15,628</b>	<b>100.0</b>	<b>2,711,565</b>	<b>100.0</b>

\*NA-Tracts without household or family income as applicable

( ) represents the total number of bank loans for the specific Loan Purpose

Loans where the geographic location is unknown are excluded from this table.

Based on bank and aggregate data from 2009, home purchase and refinance loans are the dominate HMDA loan products in the market area. Accordingly, the performances associated with these two products are given the most weight when considering the bank’s performance. The bank’s level of home purchase loan performance is considered to be excellent performance, while all other loan types (refinance, home improvement, and multi-family) are considered poor when considering the proportion of owner-occupied housing units located in such areas (9.7%) and the corresponding aggregate lending levels in such census tracts.

During 2009, WB’s level of lending in moderate-income tracts (9.5%) exceeds the aggregate reporter lending level (5%) and is similar to percentage of owner-occupied housing units located in such areas (9.7%). The bank’s geographic distribution performance is considered excellent.

According to WB’s 2008 data, the bank originated 24 loans totaling \$7.6 million. Of these loans, one (4.2%) totaling \$130,000 was extended to a resident of a moderate-income census tract. The bank’s performance is considered to be at the lower-end of the reasonable performance range when considering that 6.8% of the aggregate reporters’ loans were to residents of moderate-income census tracts.

When considering the bank’s combined HMDA performance during 2008 and 2009, the bank’s overall borrower distribution performance is considered reasonable.

**Distribution of Small Business Loans by Income Level of Census Tract**

Myrtle Beach-North Myrtle Beach-Conway, SC MSA (2009)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	5	31.3	120	5.5	1,317	14.8	45,001	14.0
Middle	9	56.3	1,796	82.0	5,726	64.2	191,268	59.4
Upper	2	12.5	275	12.6	1,871	21.0	85,679	26.6
NA*	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>16</b>	<b>100.0</b>	<b>2,191</b>	<b>100.0</b>	<b>8,914</b>	<b>100.0</b>	<b>321,948</b>	<b>100.0</b>

*\*NA-Tracts without household or family income as applicable*

During 2009, the bank’s level of small business lending in moderate-income census tracts (31.3%) substantially exceeds both the percentage of businesses located in such areas (14.6%) and the aggregate lending level (14.8%). The bank’s performance is considered to be excellent and its 2010 performance was similar.

**COMMUNITY DEVELOPMENT LOANS, INVESTMENTS, AND SERVICES**

During the evaluation period, representatives from the bank have provided financial technical expertise to the following entities within the assessment area:

- North Stand Helping Hand (community service)
- Harvest Hope Food Bank (community service)
- Street Reach Myrtle Beach (community service)

Also, the bank offers free and low-cost checking accounts, which can benefit area low- and moderate-income residents and small businesses.

Discussions with individuals knowledgeable of the local market area and the review of the performance evaluations of other area financial institutions indicate that community development opportunities are reasonably available within the assessment area. The bank may be somewhat constrained in making new loans, including community development loans, given current market conditions and the structure of the bank’s balance sheet. The bank faces few constraints, however, in investing in qualified community development securities and participating in qualified community development services. The bank’s performance is considered poor given the absence of both community development lending and qualified investments by the bank within this assessment area during the evaluation period.

**NONMETROPOLITAN STATEWIDE AREA**

*(If none of the assessment areas within the nonmetropolitan statewide area were reviewed using full-scope review)*

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NONMETROPOLITAN SOUTH CAROLINA ASSESSMENT AREA**

An assessment area, which is noted in the table below, was reviewed using the limited review examination procedures. Information detailing its composition, including selected demographic data, is included in **APPENDIX C** of this report.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

Facts and data reviewed for each assessment area, including performance and demographic information, can be found in **APPENDIX C** of this evaluation. Conclusions regarding performance, which did not impact the institution's overall rating, are included in the following table. For each test, the conclusions convey whether the assessment area's performance was generally below, consistent with, or exceeded the institution's South Carolina statewide performance ratings, which are Satisfactory for the Lending Test and Needs to Improve for the Community Development Test.

<b>Assessment Area</b>	<b>Lending Test</b>	<b>Community Development Test</b>
Lancaster, SC NonMSA	Below	Consistent



**APPENDIX A**

**SCOPE OF EXAMINATION**

A full discussion of the scope of the examination is contained in the narrative section of this public evaluation.

<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>		
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED<sup>1</sup></b>
Wilmington, NC MSA	Full scope	None
Nonmetropolitan North Carolina	Full scope	110 North J.K. Powell Blvd. Whiteville, NC
Myrtle Beach-North Myrtle Beach-Conway, SC MSA	Full scope	None
Nonmetropolitan South Carolina	Limited scope	None

**SUMMARY OF STATE RATINGS**

<b>State Name</b>	<b>Lending Test Rating</b>	<b>Community Development Test Rating</b>	<b>Overall State Rating</b>
North Carolina	Satisfactory	Needs to Improve	Needs to Improve
South Carolina	Satisfactory	Needs to Improve	Needs to Improve

<sup>1</sup> There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.

**APPENDIX B**

**LOAN, BRANCH, AND DEPOSIT VOLUME BY ASSESSMENT AREA**

The following table reflects the distribution of branch offices and deposit and loan volume by assessment area. Deposit data is current as of June 30, 2010, while the loan volume includes all residential mortgage and small business loans considered in the evaluation.

Assessment Area	Loan Volume				Full-Service Branches		Deposit Volume	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Wilmington, NC MSA	102	27.1%	\$17,453	38.8%	8	47.1%	\$139,937	29.4%
Columbus, NC NonMSA	204	54.3%	\$14,359	31.9%	4	23.5%	\$289,888	60.9%
Myrtle Beach-North Myrtle Beach-Conway, SC MSA	65	17.3%	\$13,199	29.3%	4	23.5%	\$34,179	7.2%
Lancaster, SC NonMSA	5	1.3%	\$23	<.1%	1	5.9%	\$12,052	2.5%
Total	376	100%	\$45,034	100%	17	100%	\$476,056	100%

As indicated by the data in the preceding table, the bank's operations are primarily concentrated in the Columbus, NC NonMSA and Wilmington, NC MSA assessment areas. Accordingly, the bank's performance in these assessment areas is weighted more heavily when considering the bank's overall performance.

**APPENDIX C: LIMITED REVIEW TABLES**

**LANCASTER, SC NONMSA ASSESSMENT AREA**

This assessment area contains one branch office and includes a portion of Lancaster County, South Carolina. The assessment area includes only two middle-income census tracts (0102.00 and 0103.00); there are no low-, moderate-, or upper-income census tracts in the assessment area. Both middle-income assessment area census tracts have been classified by the FFIEC as being distressed because of comparatively high rates of unemployment.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE LANCASTER, SC NONMSA ASSESSMENT AREA**

**Limited Review Lending Table**

Lancaster, SC NonMSA								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	<b>Home Purchase (2009)</b>				<b>Home Improvement (2009)</b>			
<i>Geographic</i>	(0)				(2)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
<i>Borrower</i>	(0)				(2)			
Low	0	0.0	16.9	17.2	0	0.0	25.0	17.2
Moderate	0	0.0	27.7	18.8	0	0.0	12.5	18.8
	<b>Refinance (2009)</b>				<b>Multi-Family (2009)</b>			
<i>Geographic</i>	(0)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
<i>Borrower</i>	(0)				(0)			
Low	0	0.0	6.2	17.2	0	0.0	0.0	17.2
Moderate	0	0.0	11.9	18.8	0	0.0	0.0	18.8
	<b>HMDA Total (2009)</b>				<b>Consumer</b>			
<i>Geographic</i>	(2)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
<i>Borrower</i>	(2)				(NA)			
Low	0	0.0	9.4	17.2	NA	NA	NA	NA
Moderate	0	0.0	15.7	18.8	NA	NA	NA	NA
	<b>Small Business (2009)</b>				<b>Small Farm</b>			
<i>Geographic</i>	(0)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	0	0.0	33.0	92.1	NA	NA	NA	NA

*Geographic ( ) represents the total number of bank loans for the specific Loan Purpose where geography is known  
Borrower ( ) represents the total number of bank loans for the specific Loan Purpose where income is known*

**COMMUNITY DEVELOPMENT LOANS, INVESTMENTS, AND SERVICES**

Within this assessment area, WB offers free and low-cost checking accounts, which can benefit low- and moderate-income residents and small businesses.

## APPENDIX D

### GLOSSARY

**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 metropolitan area/assessment area.

**Census tract:** 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 statistical 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:** All Agencies have adopted the following language. 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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development.

Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full-scope review:** Performance under the Lending and Community Development Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

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

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings 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-scope review:** Performance under the Lending and Community Development Tests is analyzed using only quantitative factors (for example, 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 metropolitan area/assessment area.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**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 multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate 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.

**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.