

PUBLIC DISCLOSURE

September 10, 2012

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

First Federal Bank

877574

2440 Mall Drive
Charleston, South Carolina 29406

**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: First Federal Bank is rated "**SATISFACTORY.**"

The following table indicates the performance level of First Federal Bank with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	<u>First Federal Bank</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

Major factors supporting the institution's rating include:

- Lending activity is consistent with the bank's capacity and overall reflects good responsiveness to the credit needs of the assessment areas.
- Given its business strategy, an adequate percentage of the institution's loans were originated within the local assessment areas.
- While the geographic and the borrower distribution performance varies by product and assessment area, performance is considered good overall in both South Carolina and North Carolina.
- During the evaluation period, the bank reported an adequate level of community development lending within its assessment areas.
- The bank maintains an adequate level of qualified community development investments when considering available opportunities.
- Delivery systems and branch locations are accessible to all segments of the bank's assessment areas.
- A relatively high level of community development services throughout the institution's assessment areas was identified.

INSTITUTION

SCOPE OF EXAMINATION

First Federal Bank (FFB) was evaluated using the interagency examination procedures for large institutions developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures, Home Mortgage Disclosure Act (HMDA), small business, and small farm lending activity reported by the institution from January 1, 2010, through December 31, 2011, was reviewed.

Qualified community development loans that were originated or renewed from June 28, 2010, the date of the most recent CRA evaluation, through the evaluation date are considered for this evaluation. All qualified community development services provided since the previous evaluation, and all qualified investments made during this same period, and those outstanding as of the date of this evaluation regardless of when made, were also considered.

To help determine the availability of community development opportunities in specific assessment areas, the CRA public evaluations of other financial institutions operating in these areas were reviewed. Also, in some markets members of the community were contacted to discern information about local economic conditions, local credit needs, performance of banks in the assessment area, as well as potential community development opportunities.

Because of its branch locations, an overall rating and ratings for the lending, investment, and service tests are assigned to the institution and the states of South Carolina and North Carolina. The state ratings are based only on the performance in the assessment areas subject to full-scope review. When assigning the overall state rating, primary consideration is given to the dollar volume each full-scope market contributes to the overall activity considered in the evaluation. In all cases, conclusions also take into consideration relevant performance context factors.

Because of relative size as determined by loan activity, proportion of bank deposits, and market population, full-scope evaluation procedures were applied to the following assessment areas:

- Charleston-North Charleston-Summerville, SC Metropolitan Statistical Area (MSA)
- Myrtle Beach-North Myrtle Beach-Conway, SC MSA
- Wilmington, NC MSA

The remaining assessment areas were subject to the limited review examination process provided for by the FFIEC. For each assessment area reviewed utilizing the limited scope evaluation procedures, a determination was made as to whether performance was consistent with the assigned overall state rating. Appendix C includes information detailing the lending volume, branch locations, and deposit volume by assessment area.

During most of the review period, FFB operated bank branches in six assessments areas. In April 2012, FFB acquired bank branches in a new market (Greenville, SC), which prompted the bank to delineate a seventh assessment area (Greenville-Mauldin-Easley, SC MSA). Because a majority of the activities considered in this evaluation took place prior to FFB expanding into the Greenville-Mauldin-Easley, SC MSA, the bank's performance in this new assessment area was not considered as part of this evaluation.

The institution's overall rating for each test is based on the ratings assigned to the states of South Carolina and North Carolina and these ratings are weighted primarily according to bank activity in each state as measured by relative lending volume, amount of deposits, and the number of branches. According to evaluation procedures, the lending test performance accounts for half of the overall rating, while the investment and service tests are equally weighted and, combined, account for the remaining half of the overall rating.

DESCRIPTION OF INSTITUTION

FFB is headquartered in Charleston, South Carolina, and operates 69 branch offices in the coastal region of South Carolina and North Carolina. The bank is a subsidiary of First Financial Holdings, Incorporated, which is also headquartered in Charleston, South Carolina. Prior to February 22, 2012, FFB operated as a federally chartered savings and loan association.

While FFB is affiliated with several other entities, none extend loans; however, one subsidiary (Port City Ventures, LLC) has invested in an affordable housing project in Charleston, South Carolina. This evaluation reflects only the performance of FFB and the investment made by Port City Ventures, LLC, and does not consider or include the activities of any other related entities. The bank's previous CRA rating, dated June 28, 2010, was Outstanding. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment areas.

As of June 30, 2012, FFB held assets totaling \$3.3 billion in assets, of which 80.5% were net loans and 8% were securities. Various deposit and loan products are available through the institution including loans for residential mortgage, business, and consumer purposes. The composition of the loan portfolio (reflecting gross loans) is represented in the following table:

Composition of Loan Portfolio

Loan Type	6/30/2012	
	\$(000s)	%
Secured by 1-4 Family dwellings	1,640,781	60.7
Multifamily	34,823	1.3
Construction and Development	168,895	6.2
Commercial & Industrial/ NonFarm NonResidential	469,871	17.4
Consumer Loans and Credit Cards	382,163	14.1
Agricultural Loans/ Farmland	0	0.0
All Other	6,238	0.2
Total	2,702,771	100.0

As indicated in the preceding table, the bank is primarily a residential mortgage lender. The bank offers other loans, such as commercial and consumer loans; however, the volume of such lending is less than the bank's residential mortgage lending.

First Federal Bank serves seven assessment areas, which are primarily located in eastern coastal areas of South Carolina and North Carolina. With the exception of the Beaufort County, SC NonMSA and Greenville-Mauldin-Easley, SC MSA assessment areas, FFB's remaining five assessment areas are generally contiguous. The following table reflects the current composition of the bank's assessment areas.

Assessment Area Name	State	County	Census Tracts Included
Beaufort County, SC NonMSA	SC	Beaufort	0021.00 – 0113.00
Charleston-North Charleston-Summerville, SC MSA	SC	Berkeley	All
	SC	Charleston	All
	SC	Dorchester	All
Florence, SC MSA	SC	Florence	All
Georgetown County, SC NonMSA	SC	Georgetown	All
Greenville-Mauldin-Easley, SC MSA*	SC	Greenville	All
Myrtle Beach-North Myrtle Beach-Conway, SC MSA	SC	Horry	All
	NC	Brunswick	All
	NC	New Hanover	All
Wilmington, NC MSA	NC	Pender	All

* Assessment area established in April 2012

During April 2012, FFB acquired certain assets (including bank branches) and liabilities of Plantation Federal Bank and Liberty Savings Bank. FFB acquired a substantial majority of Plantation Federal Bank’s assets (\$486.4 million), loans (\$348.6 million), and deposits (\$440.5 million), while it acquired only a portion of Liberty Savings Bank’s loans (\$21 million) and deposits (\$115.6 million).

As a result of these acquisition activities, FFB increased its branch network by seven branches. Four of these seven branches were located in existing assessment areas and did not require assessment area delineation changes. As previously noted, three of the branches are located in a new market area (Greenville, SC), and bank management delineated a new assessment area (Greenville-Mauldin-Easley, SC MSA) as a result of its acquisition activity. Because a majority of the loan data considered in this evaluation predates the establishment of this new assessment area, activity within the Greenville-Mauldin-Easley, SC MSA assessment area is not considered within this evaluation. Information regarding the bank’s opening and closing of bank branches is provided in the assessment areas where such activity occurred.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

When evaluating the bank’s performance under the Lending Test, consideration is given to the bank’s level of lending in conjunction with relevant demographic data from the 2000 census and Dun & Bradstreet (D&B) business demographic data from 2010. Aggregate lending data is also considered when such data is available. For this review, aggregate HMDA and small business/farm loan data from calendar years 2010 and 2011 were available. Analyses of lending during the review period are discussed in greater detail in subsequent sections of this evaluation.

Throughout the analysis of lending, loans without a reported income (in the case of borrower distribution) and loans where the reported geographic information is incomplete (in the case of geographic distribution) are excluded from both bank loan totals and comparative aggregate lending totals.

While HMDA, small business, and small farm data from calendar years 2010 and 2011 were fully analyzed and considered in the evaluation, only bank and aggregate loan data from 2011 are presented in the assessment area analyses. In instances where the performance during 2010 varies significantly from the performance in 2011, such variance and the corresponding impact on the overall performance are discussed.

Overall, the bank's lending test performance is rated High Satisfactory. This rating considers the bank's level of lending in its assessment areas, lending activity, borrower and geographic distribution performance, and community development lending. Each of these components is discussed in this evaluation.

Lending Activity:

A bank's loan-to-deposit ratio is one measure of its lending activity relative to its capacity. FFB's quarterly loan-to-deposit ratio for the nine-quarter period ending June 30, 2012, averaged 102.5% and ranged from 97.4% to 104.7%. The average of quarterly loan-to-deposit ratios of a national peer group ranged from 77.7% to 82.1% during the same time period. The national peer group is defined as all insured commercial banks having assets in excess of \$3 billion. FFB's loan-to-deposit ratio, as of June 30, 2012, equaled 97.4%.

Since March 31, 2010, loans and deposits have increased by 4.5% and 8% respectively, while bank assets decreased by 1.5%. Within the context of the CRA and considering relevant performance context factors such as bank size, financial condition, and local area credit needs, the bank's lending activity is considered responsive to the credit needs of the bank's assessment areas.

Assessment Area Concentration:

The following table includes all reported HMDA, small business, and small farm loan originations and purchases from January 1, 2010, through December 31, 2011. The data does not include large commercial loans (loan amounts in excess of \$1 million) or any other loan type not specified.

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

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	1,369	42.2	280,457	62.5	1,873	57.8	168,447	37.5
Home Improvement	14	100.0	5,397	100.0	0	0.0	0	0.0
Refinancing	2,139	52.5	420,540	53.0	1,934	47.5	372,318	47.0
Multi-Family Housing	7	87.5	5,562	94.2	1	12.5	344	5.8
Total HMDA related	3,529	48.1	711,956	56.8	3,808	51.9	541,109	43.2
Small Business	251	96.5	35,490	93.6	9	3.5	2,417	6.4
Small Farm	0	0.0	0	0.0	0	0.0	0	0.0
TOTAL LOANS	3,780	49.8	747,446	57.9	3,817	50.2	543,526	42.1

**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.*

A substantial majority of small business loans (96.5%) were extended in the bank's assessment areas, while less than a majority (48.1%) of HMDA loans were extended inside the bank's assessment areas. As indicated by the table, the bank did not report originating any small farm loans during 2010 or 2011. While the demand for small farm loans varies across the bank's assessment areas, the overall demand for such loans, as measured by number of area farms, is much less than the demand for residential mortgage or small business loans.

Overall, less than a majority of loans considered in the evaluation (49.8%) have been made within the bank's assessment areas. FFB is an active residential mortgage lender and acquires such loans through various channels including retail origination, wholesale lending, and correspondent lending operations. The wholesale and correspondent lending operations involve third parties (i.e. brokers and other lenders) that operate within and outside of FFB's assessment areas. As indicated in the preceding table, FFB originates a

large volume of loans that are outside of its assessment areas; however, FFB sells a majority of its residential mortgage loans to secondary market investors. The sale of these loans allows the bank to originate a larger volume of loans than if such loans were held in the bank's portfolio, thus generating a reasonable volume of lending, though a lower overall percentage, within its assessment areas. Overall, the percentage of loans made within the assessment areas is considered adequately responsive to community credit needs.

Geographic and Borrower Distribution:

When evaluating the geographic and the borrower distribution of lending 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 each category extended in the assessment area.

Within FFB's assessment 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 a substantial majority of such loans do not have revenue data reported. The presence of these lenders is reflected in a smaller market share for traditional lenders and tends to understate the percentage of aggregate lending to businesses with annual revenues of \$1 million or less. These factors were considered as an aspect of performance context when evaluating the level and distribution of small business lending.

During the evaluation period within each of its assessment areas, FFB extended a larger volume of residential mortgage loans than small business loans. Accordingly, the bank's residential mortgage lending performance was given more weight when considering the bank's combined product performance levels.

FFB's geographic distribution performance (lending in low- and moderate-income census tracts) varies from adequate to excellent by product and year within its assessment areas. Given that a majority of the bank's operations are located in the Charleston-North Charleston-Summerville, SC MSA, the performance in this area was given more weight when considering the bank's performance in South Carolina. Accounting for performance variations, the bank's overall geographic distribution performance is considered good in South Carolina. Based upon performance in the bank's single assessment area in the state, geographic distribution performance in North Carolina is also good.

The bank's borrower distribution performance (lending to low- and moderate-income borrowers and small businesses having annual revenues of \$1 million or less) also varies from adequate to excellent by product and year within its assessment areas. Weighting performance similarly as in the case of geographic distribution of lending; overall, FFB's borrower lending distribution performance is considered good for both South Carolina and North Carolina.

Community Development Lending:

As discussed in more detail later in this evaluation, community development lending opportunities within the bank's full-scope assessment areas (Charleston-North Charleston-Summerville, SC MSA; Myrtle Beach-North Myrtle Beach-Conway, SC MSA; and Wilmington, NC MSA) are reasonably available. Opportunities in the bank's remaining assessment areas, however, vary from limited to reasonable availability.

During the evaluation period, FFB originated ten community development loans totaling \$9.3 million that benefit the bank's assessment areas and/or statewide South Carolina area. Additional information regarding these loans is included in the pertinent state and assessment area discussions.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated low satisfactory. As of June 31, 2012, the institution reported \$3.3 billion in total assets and a securities portfolio totaling \$262.1 million. As of the evaluation date, the bank held approximately \$5.2 million in qualified investments.

The bank's qualified investments that benefit multiple statewide areas include the following:

- Triangle Capital Partners (\$1.7 million) – Triangle Capital Partners operates the Triangle Mezzanine Fund which is a licensed Small Business Investment Company (SBIC) that invests in businesses located in a multistate area that includes North Carolina and South Carolina. SBICs are privately owned investment firms that are licensed by the Small Business Administration and provide venture capital to small businesses in the form of equity investments and subordinate debt.

Qualified investments, including donations, targeting specific individual statewide areas and/or assessment areas are discussed in conjunction with the evaluation of those areas.

SERVICE TEST

The bank's overall performance under the service test is rated high satisfactory. Delivery systems, branch locations, and hours of operation are considered accessible and are convenient to all portions of the assessment areas. Of the 69 branch offices, one (1.4%) is located in a low-income census tract and 11 (15.9%) are located within moderate-income census tracts.

The bank and its employees also actively support community development organizations that provide community development services throughout its various assessment areas. Discussion of specific activities is included for each assessment area, as applicable.

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 SOUTH CAROLINA

CRA RATING FOR SOUTH CAROLINA: SATISFACTORY

The lending test is rated: HIGH SATISFACTORY

The investment test is rated: LOW SATISFACTORY

The service test is rated: HIGH SATISFACTORY

Major factors supporting the rating include:

- Overall lending activity is good in relation to the bank's capacity and the needs of the assessment area.
- While the bank's geographic lending distribution performance varies by product and year, its overall performance is considered good.
- The bank's borrower lending distribution performance also varies by product and year and is considered good overall.
- The bank reported originating an adequate level of community development loans within the South Carolina during the evaluation period. These loans are concentrated in the Charleston-North Charleston-Summerville, SC MSA assessment area.
- Relative to the available investment opportunities, bank capacity, and local market impact, the bank's level of qualified investments reflects adequate performance.
- Delivery systems and branch locations are accessible to all segments of the bank's assessment areas, and bank personnel actively participate in local organizations that facilitate community development.

SCOPE OF EXAMINATION

Reported HMDA and small business loans were analyzed to determine the geographic and borrower distribution of the bank's lending. The reported loan data are from calendar years 2010 and 2011. As previously indicated, the bank did not report originating any small farm loans during 2010 or 2011, so this lending product was not evaluated. The institution's efforts to serve its markets through qualified community development investments and services were also reviewed.

The bank serves six assessment areas throughout South Carolina. Based on the relative size of each assessment area, the Charleston-North Charleston-Summerville, SC MSA and Myrtle Beach-North Myrtle Beach-Conway, SC MSA assessment areas were reviewed utilizing the FFIEC's full-scope evaluation procedures. Three of the remaining four assessment areas were subject to limited review procedures and a determination was made for each assessment area as to whether its performance exceeded, was consistent with, or was below the statewide ratings for South Carolina. Performance within the remaining assessment area (Greenville-Mauldin-Easley, SC MSA) was not evaluated because the bank only recently (April 2012) began operating within the assessment area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SOUTH CAROLINA

The institution operates 62 branches within six assessment areas in the state. With one exception, the assessment areas are located in eastern South Carolina. The remaining assessment area is located in northwest South Carolina. The 62 branch offices account for \$2.5 billion of the bank's total deposit base.

Based on 2000 census data, the South Carolina assessment areas served by the bank have a total population of 1.4 million and include 365,984 families. A majority of the families are middle- and upper-income (63.4 %), while low- and moderate-income families comprise 19.4% and 17.2% of the total, respectively. Within these assessment areas, the owner-occupancy rate equals 58.5%, and 9.7% of families live below the poverty level. Area median family incomes during 2010 and 2011 are detailed in the following table.

Area	Median Family Incomes	
	2010	2011
Charleston-North Charleston-Summerville, SC MSA	\$62,100	\$62,200
Florence, SC MSA	\$49,800	\$51,100
Greenville-Mauldin-Easley, SC MSA	\$58,000	\$58,300
Myrtle Beach-North Myrtle Beach-Conway, SC MSA	\$53,200	\$54,300
South Carolina Statewide Nonmetropolitan Area	\$49,100	\$47,700

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SOUTH CAROLINA

When considering the overall statewide ratings, the two assessment areas subject to full-scope review were generally weighted based on the dollar volume of lending as well as the percentage of loans originated within the market. Accordingly, FFB's performance in the Charleston-North Charleston-Summerville, SC MSA assessment area was weighted more heavily as it accounts for the largest amount of lending with the South Carolina assessment areas. Appendix C includes information by assessment area and state regarding the loan volume, number of branches, and deposit account volume.

LENDING TEST

Overall, the statewide lending test is rated high satisfactory. Lending activity is considered good and is measured primarily by market share and bank capacity to lend. Both the bank's geographic and its borrower distribution performance are considered good. The bank reported originating an adequate level of community development loans within South Carolina.

Lending Activity:

Lending activity is considered good and consistent with the bank's capacity. According to 2011 market share data, within its assessment areas on a combined basis the bank ranked 6th in reported HMDA lending with a 3.2% market share and ranked 21st in reported small business/farm loans with a .6% market share, respectively.

Geographic and Borrower Distribution:

The bank's geographic and its borrower lending distribution performance varies by product type, assessment area, and year across the bank's South Carolina assessment areas. After accounting for differences in performance level by assessment area, the bank's geographic lending distribution performance is considered good in South Carolina. The bank's overall HMDA borrower distribution performance is good, and its small business performance is excellent.

Community Development Loans:

Within the bank's MSA assessment areas, community development lending opportunities are reasonably available, while such opportunities are limited within the NonMSA assessment areas. The bank faces no constraints relative to community development lending when considering its capacity and local competition.

During the evaluation period, the bank originated or participated in nine community development loans totaling \$9.2 million in the South Carolina assessment areas. Most of these loans benefited the Charleston-North Charleston-Summerville, SC MSA assessment area.

Of the nine community development loans within the South Carolina assessment areas, one is a participation loan to a community development entity that originates small business development loans throughout the State of South Carolina. The overall loan commitment by all participating lenders totals \$3 million and FFB's participation share totals \$1 million.

Additional information regarding the remaining loans is provided in the appropriate assessment area section. When considering available opportunities and the bank's capacity, FFB originated an adequate level of community development loans within the South Carolina assessment areas during the evaluation period.

INVESTMENT TEST

The institution's level of qualified investments specifically benefiting South Carolina is rated low satisfactory. Qualified investments benefiting specific assessment areas within South Carolina include the following:

- FFB's subsidiary, Port City Ventures, LLC, holds a \$1.9 million equity investment in an affordable housing project located in the Charleston-North Charleston-Summerville, SC MSA. The project utilized low-income housing tax credits and provides housing to area low- and moderate-income residents.
- FFB invested \$1.1 million in equity funds offered by Community Affordable Housing Equity Corporation (CAHEC). CAHEC is a non-profit community development entity that revitalizes communities by facilitating affordable housing, redevelopment of historic properties, and community revitalization throughout the southeastern region. This investment is specifically allocated to support projects within the State of South Carolina.
- FFB maintains an equity investment totaling \$200,000 in the Business Development Corporation of South Carolina (BDC). The BDC is a non-bank, commercial lender that specializes in extending Small Business Administration loans within the State of South Carolina. The organization was established in 1958 by the South Carolina legislature to promote business development and permanent job creation within the state.

The institution also actively supports numerous community development organizations through donations. During 2010 and 2011, donations totaling \$426,001 were made to community development organizations that assist low- and moderate-income people and/or areas, benefit distressed and/or underserved areas, or support microenterprise development. One of the donations totaling \$15,000 was made to an organization whose activities benefit the statewide area. The remaining donations benefit specific assessment areas, and a substantial majority of these donations (89.5%) benefited the Charleston-North Charleston-Summerville, SC MSA.

SERVICE TEST

The statewide rating for the institution under the service test is rated high satisfactory. Delivery systems are accessible to all portions of the bank's market areas and to people of varying income levels. Products and services offered within the South Carolina markets evaluated using the full-scope procedures are representative of those offered by the institution overall.

Additionally, the institution and its employees participate in a relatively high level of community development services. Activities include participation in numerous organizations that provide housing and other services to low- and moderate-income people and microenterprise development.

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

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE CHARLESTON-NORTH
CHARLESTON-SUMMERVILLE, SC MSA ASSESSMENT AREA**

The bank operates 33 full-service branches in the counties of Berkeley, Charleston, and Dorchester, South Carolina, which is all of the Charleston-North Charleston-Summerville, SC MSA. As of June 2012, FFB ranked 2nd out of 31 institutions in deposit market share having 14.4% of the assessment area's available Federal Deposit Insurance Corporation (FDIC) insured deposits (credit union deposits are not included). According to 2011 aggregate data, the institution ranked 6th in reported mortgage lending with a 3.6% market share and ranked 19th in reported small business/farm loans with a 8.4% market share.

Based on 2000 census data, the assessment area has a population of 549,033 and a median housing value of \$96,671. The owner-occupancy rate for the assessment area equals 59.4%, which lags the state's rate of 63.2%. The overall family poverty rate of the assessment area (10.7%) equals the state's overall rate (10.7%). The 2010 and 2011 median family incomes for the MSA equal \$62,100 and \$62,200, respectively. The following table includes pertinent demographic data for the assessment area:

Assessment Area Demographics

Charleston-North Charleston-Summerville, SC MSA								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	11	9.4	6,560	4.6	2,720	41.5	30,224	21.3
Moderate	29	24.8	26,352	18.5	4,499	17.1	24,731	17.4
Middle	48	41.0	69,374	48.8	6,421	9.3	29,969	21.1
Upper	29	24.8	39,832	28.0	1,550	3.9	57,194	40.2
NA	0	0.0	0	0.0	0	0.0		
Total	117	100.0	142,118	100.0	15,190	10.7	142,118	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	3,342	2.4	11,109	5.3	4,554	41.0	48,678	23.4
Moderate	23,211	16.8	39,658	19.1	8,489	21.4	33,960	16.3
Middle	68,577	49.6	99,438	47.8	11,826	11.9	39,882	19.2
Upper	43,230	31.2	57,611	27.7	3,558	6.2	85,296	41.0
NA	0	0.0	0	0.0	0	0.0		
Total	138,360	100.0	207,816	100.00	28,427	13.7	207,816	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	1,375	4.6	1,160	4.4	114	7.0	101	6.9
Moderate	4,673	15.7	4,028	15.1	357	21.8	288	19.7
Middle	13,537	45.6	12,159	45.7	730	44.6	648	44.4
Upper	10,106	34.0	9,249	34.8	435	26.6	422	28.9
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	29,691	100.0	26,596	100.0	1,636	100.0	1,459	100.0
	Percentage of Total Businesses:			89.6		5.5		4.9

*NA-Tracts without household or family income as applicable

The assessment area's economy is based on manufacturing, health care, retail services, and federal, state, and local government. Major area employers include the U.S. Department of Defense (Joint Base Charleston), Medical University of South Carolina, Roper St. Francis Healthcare, Boeing South Carolina (aircraft manufacturing), JEM Restaurant Group, Wal-Mart stores, Robert Bosch (automobile component manufacturing), Piggly Wiggly (grocery store chain and distribution center), local government, and area school systems. Unemployment rates since the previous CRA evaluation are included in the following table for the assessment area and state.

Geographic Area	Unemployment Rate Trend							
	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011	Mar 2012	June 2012
Berkeley County	9.5%	9.3%	8.7%	9.7%	9.4%	8.6%	7.7%	9.1%
Charleston County	8.7%	8.5%	8%	9.2%	8.3%	7.4%	6.9%	8.2%
Dorchester County	8.9%	8.6%	7.9%	8.6%	8.3%	7.5%	6.9%	8.3%
Charleston-North Charleston-Summerville, SC MSA	8.9%	8.8%	8.1%	9.2%	8.6%	7.7%	7.1%	8.4%
South Carolina	10.7%	10.8%	10.1%	10.8%	10.3%	9.5%	8.7%	9.9%

Area unemployment rates within the Charleston-North Charleston-Summerville, SC MSA display a seasonal pattern where unemployment rates rise during summer months and then generally decline. Of the counties within the MSA, Berkeley County’s unemployment rate remains slightly higher than the rates of the other counties within the MSA. Nonetheless, unemployment rates within the assessment area continue to be lower than the rates with the state.

An individual knowledgeable of the local market area was contacted during the evaluation to discuss local economic conditions and community credit needs. The contact stated that while the local economy was gradually improving that sustained, long-term economic improvement hinged on the local economy’s ability to create a broad range of new jobs, including jobs for both skilled and unskilled labor and jobs within the service sector. The contact noted that monetary donations supporting community development services and other similar initiatives had declined significantly during recent years and has not returned to pre-recession levels within the local market area. In addition, the contact suggested that the local market would benefit from the development and implementation of a checking account designed for residents that have blemished banking records. According to the contact, area financial institutions continue to support the local market area and reasonably meet area credit needs.

Discussions with the individual knowledgeable of the local market area and reviews of the performance evaluations of other financial institutions having a local presence indicate that community development opportunities are reasonably available within the bank’s assessment area. In addition, the bank faces no significant constraints relative to its size and business strategy in making community development loans or investments or supporting community service activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CHARLESTON-NORTH CHARLESTON-SUMMERVILLE, SC MSA ASSESSMENT AREA

LENDING TEST

The institution’s overall lending performance within this assessment area is considered good. This conclusion is based on an evaluation of the bank’s lending activity, geographic and borrower distribution performance, and the level of community development lending, while taking into account the bank's market strategy, area demographic data, and aggregate loan data.

During 2010 and 2011, FFB originated \$467.1 million in HMDA and \$18 million in small business loans within the assessment area. Accordingly, the performance associated with residential mortgage lending was given significant weight when considering overall performance.

Lending Activity:

Bank lending activity within this assessment area, as measured by both number (56.4%) and dollar volume (64.9%), is considered good, as it exceeds both the percentage of branch offices (47.8%) and the proportion of the bank's deposits (51.1%) in the assessment area.

Geographic Distribution:

The bank's geographic distribution performance for HMDA lending is considered good, while its small business performance varies from adequate to excellent by year and is good overall.

Distribution of HMDA Loans by Income Level of Census Tract

Assessment Area: Charleston-North Charleston-Summerville, SC MSA (2011)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(323)				Home Purchase (12,371)			
Low	5	1.5	1,250	1.5	106	0.9	18,193	0.7
Moderate	31	9.6	5,636	6.8	741	6.0	109,719	4.3
Middle	138	42.7	27,221	33.0	7,059	57.1	1,221,213	47.6
Upper	149	46.1	48,346	58.6	4,465	36.1	1,214,933	47.4
	(606)				Refinance (12,811)			
Low	1	0.2	356	0.3	128	1.0	26,271	0.9
Moderate	34	5.6	6,062	4.7	802	6.3	134,863	4.5
Middle	259	42.7	44,536	34.9	6,007	46.9	1,130,425	37.6
Upper	312	51.5	76,686	60.1	5,874	45.9	1,711,700	57.0
	(5)				Home Improvement (821)			
Low	0	0.0	0	0.0	10	1.2	825	1.6
Moderate	0	0.0	0	0.0	124	15.1	3,623	6.9
Middle	1	20.0	950	21.3	477	58.1	17,039	32.5
Upper	4	80.0	3,513	78.7	210	25.6	30,861	59.0
	(2)				Multi-Family (26)			
Low	0	0.0	0	0.0	2	7.7	7,472	3.2
Moderate	0	0.0	0	0.0	4	15.4	2,248	1.0
Middle	2	100.0	5,005	100.0	13	50.0	124,901	53.5
Upper	0	0.0	0	0.0	7	26.9	98,784	42.3
	HMDA Totals							
Low	6	0.6	1,606	0.7	246	0.9	52,761	0.9
Moderate	65	6.9	11,698	5.3	1,671	6.4	250,453	4.3
Middle	400	42.7	77,712	35.4	13,556	52.1	2,493,578	42.6
Upper	465	49.7	128,545	58.5	10,556	40.6	3,056,278	52.2
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	936	100.0	219,561	100.0	26,029	100.0	5,853,070	100.0

NA*-Tracts without household of 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.

As indicated in the preceding table, almost all of the bank’s loans were for home purchase or refinance purposes and such lending drives the conclusion about bank performance. When considering the aggregate performance, the bank’s home purchase performance is considered excellent, while it refinance performance is considered good. Because the bank extended a larger volume of refinance loans within the assessment area, the performance associated with refinances has a larger impact on the bank’s overall performance level.

Overall during 2011, the bank’s level of lending in low-income census tracts (.6%) lagged the percentage of owner-occupied housing units located in such areas (2.4%). However, the aggregate lending data indicates that loan demand from residents in low-income census tracts (.9%) is less than indicated by the percentage of owner-occupied housing units. Similarly, the bank’s level of lending in moderate-income census tracts (6.9%) lagged the percentage of owner-occupied housing units located in such areas (16.8%) but approximated the aggregate level of lending in such census tracts. Overall, the bank’s geographic distribution performance during 2011 is considered good, and its performance during 2010 is similar.

Distribution of Small Business Loans by Income Level of Census Tract

Assessment Area: Charleston-North Charleston-Summerville, SC MSA (2011)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	6	10.2	529	8.7	401	4.4	26,849	6.0
Moderate	2	3.4	145	2.4	1,105	12.0	74,343	16.6
Middle	34	57.6	4,101	67.5	3,949	42.9	174,868	39.0
Upper	17	28.8	1,297	21.4	3,748	40.7	172,175	38.4
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	59	100.0	6,072	100.0	9,203	100.0	448,235	100.0

*NA-Tracts without household or family income as applicable

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

During 2011, bank lending to businesses in low-income tracts (10.2%) substantially exceeded both the percentage of businesses located in such areas (4.6%) and the aggregate lending level (4.4%) and is considered excellent. The bank’s lending in moderate-income tracts (3.4%) lagged both the percentage of businesses located in such areas (15.7%) and the aggregate lending level (12%) and is considered poor. The bank’s overall performance during 2011 is considered adequate based on the strength of its low-income census tract lending performance.

The bank’s performance during 2010 is stronger than its performance during 2011. Specifically during 2010, the bank reported extending 67 small business loans totaling \$12 million, of which three (4.5%) totaling \$506,000 (4.2%) were to businesses located in low-income census tracts, and 11 (16.4%) totaling \$1.8 million (14.9%) were to businesses located in moderate-income tracts. During this same time period, 4.2% and 12.3% of the aggregate reported loans were to businesses located in low- and moderate-income census tracts, respectively. The bank’s overall performance during 2010 is considered excellent, in large part, because of the strength of its lending performance in moderate-income census tracts.

The bank’s overall combined performance during 2010 and 2011 is considered good and reflects both the strength of its performance during each year and the relative size of each product category.

Distribution by Borrower Income and Revenue Size of the Business:

Within the assessment area, the borrower distribution performance of HMDA loans is considered good, while the small business loan performance is considered excellent. The bank’s overall performance is considered good given the larger dollar volume of HMDA lending within the assessment area.

Distribution of HMDA Loans by Income Level of Borrower

Assessment Area: Charleston-North Charleston-Summerville, SC MSA (2011)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	HMDA Totals							
Low	55	6.0	4,210	2.0	1,509	6.9	134,983	2.8
Moderate	161	17.6	19,765	9.4	4,068	18.7	526,766	11.1
Middle	208	22.7	31,018	14.8	5,135	23.6	836,748	17.6
Upper	491	53.7	154,504	73.7	11,037	50.7	3,266,911	68.6
Total	915	100.0	209,497	100.0	21,749	100.0	4,765,408	100.0
Unknown	21		10,064		4,280		1,087,662	

Percentage's (%) are calculated on all loans where incomes are known

As previously indicated, FFB originates relatively few home improvement and multi-family loans; however, it originates a large volume of home purchase and refinance loans. The bank’s home purchase lending levels to low- and moderate-income borrowers lagged the aggregate lending levels and is considered adequate; however, its refinance lending levels exceeded the aggregate levels and is considered excellent.

Overall during 2011, the bank’s level of lending to low-income borrowers (6%) lagged the percentage of low-income families in the assessment area (21.3%) but approximated the aggregate lending level (6.9%). Bank lending to moderate-income borrowers (17.6%) approximated both the percentage of area moderate-income families (17.4%) and the aggregate lending level (18.7%). The bank’s performance during 2011 is considered good and its performance during 2010 is similar.

Distribution of Lending by Loan Amount and Size of Business

Assessment Area: Charleston-North Charleston-Summerville, SC MSA (2011)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	43	72.9	3,609	59.4	4,189	44.9	212,552	46.9
Over \$1 Million	16	27.1	2,463	40.6	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	38	64.4	1,708	28.1	8,394	90.0	115,500	25.5
\$100,001-\$250,000	16	27.1	2,355	38.8	425	4.6	76,738	16.9
\$250,001-\$1 Million	5	8.5	2,009	33.1	505	5.4	260,568	57.5
Total	59	100.0	6,072	100.0	9,324	100.0	452,806	100.0

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

D&B data indicate that 89.6% of all local businesses have revenues that do not exceed \$1 million per year. According to 2011 aggregate small business data, 44.9% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As previously noted, the aggregate lending level to smaller businesses is likely somewhat understated due to the activity of credit card lenders. After accounting for this as an element of performance context, the bank's performance during 2011 is excellent and its performance during 2010 is similar.

Community Development Loans:

As previously discussed, opportunities for community development lending are reasonably available within the Charleston-North Charleston-Summerville, SC MSA assessment area. When considering the bank's capacity, market position, and business strategy, the bank faces no constraints in extending community development loans within the assessment area.

During the evaluation period, FFB originated the following community development loans that specifically benefit the Charleston-North Charleston-Summerville, SC MSA assessment area.

- A \$4.7 million loan was extended to a borrower that facilitated affordable housing within the assessment area.
- A \$2.5 million loan was extended to a non-profit organization whose services are targeted to area low-and moderate-income individuals and families.
- FFB participated in funding portions of four loans originated by an affordable housing consortium within the assessment area. On a combined basis, FFB funded \$600,000 of the four participation loans.
- A \$205,924 loan was extended to a non-profit organization that helped to revitalize a low-income census tract. The non-profit borrower also provides services that are utilized primarily by area low-and moderate-income residents.

Within this assessment area, the bank extended a relatively high level of community development loans during the evaluation period.

INVESTMENT TEST

The bank maintains a relatively high level of qualified investments with the Charleston-North Charleston-Summerville, SC MSA assessment area when considering the bank's capacity and available opportunities. Qualified investments benefiting this specific assessment area include the following:

- FFB's subsidiary, Port City Ventures, LLC, holds a \$1.9 million equity investment in a local affordable housing project. The project utilized low-income housing tax credits and provides housing to area low- and moderate-income residents.
- Charitable donations totaling \$381,000 (approximately) to organizations that provide community development services within the assessment area.

As previously noted, the bank also maintains qualified investments that benefit the broader statewide and regional area that includes this assessment area.

SERVICE TEST

Within the Charleston-North Charleston-Summerville, SC MSA assessment area, FFB's performance under the service test is considered good. Systems for delivering retail banking services appear effective and are accessible to all portions of the assessment area. Also, bank employees have participated in a relatively high level of community development services, given the size, location, and financial capacity of the institution.

Retail Services:

Delivery systems are accessible to all portions of the assessment area. Automated teller machines (ATMs) are available and, through a network, provide customers with 24-hour nationwide access. Bank-by-mail, internet, and mobile banking services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system.

The institution operates 33 full-service branch offices within this assessment area, including one branch (3%) located in a low-income census tract and seven branches (21.2%) located in moderate-income census tracts. The bank's remaining branches are located in middle- and upper-income census tracts. Within this assessment area, 5.3% of all area households are located in low-income census tracts and 24.8% are located in moderate-income census tracts.

Branch offices are generally open until 5:00 p.m. Monday through Thursday and until 5:30 p.m. on Fridays. In addition, five of the bank's branches are open until 2:00 p.m. on Saturday and five branches are open until 6:00 p.m. on Saturday and until 5:00 p.m. on Sundays. Branch locations and business hours are considered convenient and meet the needs of the assessment area.

Community Development Services:

Within the assessment area, the bank and its employees participate in a relatively high level of community development service endeavors that provide support to various local organizations whose operations directly benefit low- and moderate-income residents or encourage micro-enterprise development. These activities include but are not limited to the following:

- Charleston Regional Development Alliance (small business development and job creation)
- Accelerate Greater Charleston (small business development and job creation)
- Lowcountry American Red Cross (community service)
- East Cooper Meals on Wheels (community service)
- South Carolina Association of Non-Profit Organizations (community services)
- Community Investment Corporation of the Carolinas (affordable housing)
- Lowcountry Housing Trust (Affordable Housing)
- Bank in Schools program (financial literacy program in 20 different area schools multiple times per year per school)

The institution also offers no-cost checking products to individuals as well as low-cost checking to businesses within the community. These accounts can benefit all segments of the community including low- and moderate-income individuals and small businesses.

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

FFB operates 15 full-service branches within Horry County, South Carolina. The assessment area includes all of the Myrtle Beach-North Myrtle Beach-Conway, SC MSA, a popular vacation destination. As of June 2012, FFB ranked 6th out of 24 institutions in deposit market share having 6% of the assessment area's available FDIC insured deposits. According to 2011 aggregate data, the institution ranked 6th in reported mortgage lending with a 3.2% market share and ranked 19th in reported small business/farm loans with a .4% market share.

According to 2000 census data, the assessment area has a population of 196,629, and a median housing value of \$95,417. The owner-occupancy rate for the assessment area equals 48.9%, which is lower than the statewide rate (63.2%) and reflects the large volume of vacation properties located within the assessment area. The overall family poverty rate for the assessment area equals 8.4% and is lower than the state's rate of 10.7%. The 2010 and 2011 median family incomes for the Charleston-North Charleston-Summerville, SC MSA equal \$53,200 and \$54,300, respectively. 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		
Total	43	100.0	54,777	100.0	4,575	8.4	54,777	100.0
	Owner Occupied Units by Tract		Households					
			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		
Total	59,699	100.0	81,785	100.00	9,137	11.2	81,785	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			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	1,946	14.5	1,702	14.2	129	18.4	115	15.9
Middle	8,418	62.6	7,668	63.8	376	53.7	374	51.8
Upper	3,085	22.9	2,657	22.1	195	27.9	233	32.3
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	13,449	100.0	12,027	100.0	700	100.0	722	100.0
Percentage of Total Businesses:				89.4		5.2		5.4

*NA-Tracts without household or family income as applicable

The local economy is based on tourism, health care, retail services, and light manufacturing. Major area employers include Wal-Mart stores, county and local government (including the Horry County School District), Blue Cross/Blue Shield of South Carolina, Coastal Carolina University, and area hospitals (Conway Medical Center, Grand Strand Regional Medical Center, and Loris Healthcare System).

As previously noted, the Myrtle Beach-North Myrtle Beach-Conway, SC MSA includes only Horry County, South Carolina. Unemployment rates since the previous CRA evaluation are presented by county and for the state as follows:

Geographic Area	Unemployment Rate Trend							
	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011	Mar 2012	June 2012
Horry County	10.8%	13.5%	12.5%	10.7%	10.7%	12%	10.3%	10%
South Carolina	10.7%	10.8%	10.1%	10.8%	10.3%	9.5%	8.7%	9.9%

Unemployment rates in Horry County are cyclical and reflect the seasonal employment opportunities during the summer months that are not available during winter months. A cyclical employment pattern can affect a bank's ability to extend credit as part-time and other unemployed or underemployed applicants may not have consistent income streams from which they can repay debt.

Two individuals knowledgeable of the local market area were contacted during the evaluation to discuss local economic conditions and community credit needs. One of the individuals suggested that the location of the market area made it attractive to both the aviation and marine industries and that both industries are actively recruited by the regional economic development authority. The contact also stated that the local economy, which is heavily impacted by tourism, has begun to improve but lags the overall state in level of improvement. The other contact suggested that the lag in improvement may be tied to the volume of lower wage and seasonal jobs that are prevalent in the local market because of the large hospitality industry which attracts non-residents to the area during summer months. Both individuals indicated that local financial institutions are adequately meeting the credit needs of the local community.

Overall, discussions with the individuals knowledgeable of the local market area and reviews of the performance evaluations of other financial institutions having a local presence indicate that community development opportunities are reasonably available within the bank's assessment area, when considering performance context factors. The institution faces no significant constraints relative to its size or business strategy in making community development loans or investments or supporting community service activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS THE MYRTLE BEACH-NORTH MYRTLE BEACH-CONWAY, SC MSA

LENDING TEST

The institution's overall lending performance within this assessment area is considered excellent. This conclusion is based on an evaluation of the bank's lending activity, geographic and borrower distribution performance, and the level of community development lending, while taking into account the bank's market strategy, area demographic data, and aggregate loan data.

During 2010 and 2011, the bank originated \$90 million in residential mortgage loans and \$7 million in small business loans within the assessment area. The bank's residential mortgage lending performance is weighted more heavily when considering the bank's combined product performance.

Lending Activity:

Bank lending activity within this assessment area as measured by dollars (13%) lagged the percentage of branch offices (21.7%) in the area but approximated the proportion of bank deposits (11.2 %) in the assessment area. Loan volume by number of loans (19.9%) approximated the branch percentage and exceeds the deposit percentage. Overall, the bank's lending activity is considered good.

Geographic Distribution:

When considering the bank’s performance by loan product, HMDA lending is considered excellent, while small business lending is considered good. Given the relative dollar volume and performance level for each product, FFB’s overall geographic distribution performance is considered excellent. There a no low-income census tracts within the assessment area.

Distribution of HMDA Loans by Income Level of Census Tract

Assessment Area: Myrtle Beach-North Myrtle Beach-Conway, SC MSA (2011)												
Income Categories	Bank				Aggregate							
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$				
	(145)				Home Purchase				(5,289)			
Low	NA	NA	NA	NA	NA	NA	NA	NA	NA			
Moderate	9	6.2	513	2.8	284	5.4	33,460	4.3				
Middle	118	81.4	14,135	76.7	4,085	77.2	584,993	74.9				
Upper	18	12.4	3,778	20.5	920	17.4	162,748	20.8				
	(194)				Refinance				(5,231)			
Low	NA	NA	NA	NA	NA	NA	NA	NA	NA			
Moderate	13	6.7	1,368	5.3	227	4.3	30,200	3.5				
Middle	157	80.9	20,096	77.5	4,048	77.4	629,865	73.5				
Upper	24	12.4	4,450	17.2	956	18.3	196,395	22.9				
	(1)				Home Improvement				(211)			
Low	NA	NA	NA	NA	NA	NA	NA	NA	NA			
Moderate	1	100.0	43	100.0	20	9.5	725	5.3				
Middle	0	0.0	0	0.0	158	74.9	10,112	73.7				
Upper	0	0.0	0	0.0	33	15.6	2,875	21.0				
	(0)				Multi-Family				(21)			
Low	NA	NA	NA	NA	NA	NA	NA	NA	NA			
Moderate	0	0.0	0	0.0	7	33.3	2,204	9.6				
Middle	0	0.0	0	0.0	9	42.9	18,074	78.3				
Upper	0	0.0	0	0.0	5	23.8	2,800	12.1				
	HMDA Totals											
Low	NA	NA	NA	NA	NA	NA	NA	NA	NA			
Moderate	23	6.8	1,924	4.3	538	5.0	66,589	4.0				
Middle	275	80.9	34,231	77.1	8,300	77.2	1,243,044	74.2				
Upper	42	12.4	8,228	18.5	1,914	17.8	364,818	21.8				
NA*	0	0.0	0	0.0	0	0.0	0	0.0				
Total	340	100.0	44,383	100.0	10,752	100.0	1,674,451	100.0				

NA*-Tracts without household of 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.

Almost all of the bank's HMDA lending consists of home purchase and refinance loans. In both cases, the bank's level of lending in moderate-income census tracts exceeded the aggregate lending levels.

On a combined product basis, the bank's level of lending in moderate-income census tracts (6.8%) lagged the percentage of owner-occupied housing units located in such areas (9.7%) but exceeded the aggregate level of lending (5%) in such tracts. Overall, the bank's geographic distribution performance is considered excellent during 2011, and its performance during 2010 is similar.

Distribution of Small Business Loans by Income Level of Census Tract

Assessment Area: Myrtle Beach-North Myrtle Beach-Conway, SC MSA (2011)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	17.6	63	2.7	614	13.9	25,153	13.4
Middle	10	58.8	1,677	70.8	2,776	62.7	107,905	57.4
Upper	4	23.5	630	26.6	1,036	23.4	54,938	29.2
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	17	100.0	2,370	100.0	4,426	100.0	187,996	100.0

*NA-Tracts without household or family income as applicable

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

During 2011, bank lending to businesses in low-income tracts (17.6%) exceeded both the percentage of businesses located in such areas (14.5%) and the aggregate lending level (13.9%) and is considered excellent.

The bank's performance during the prior year was not as strong. During 2010, the bank reported originating 17 small business loans totaling \$4.7 million. Of these loans, two (9.1%) totaling \$610,000 (13.1%) were to businesses located in moderate-income census tracts. During the same time period, 12.5% of the aggregate reported loans were to businesses located in moderate-income census tracts. The bank's performance during 2010 is considered adequate.

The bank's geographic distribution of small business loans varied from excellent during 2011 to adequate during 2010. After accounting for both the level of activity and the relative strength of performance during each year, the bank's overall combined performance is considered good.

Distribution by Borrower Income and Revenue Size of the Business:

The bank's borrower distribution performance is considered excellent for HMDA lending and good for small business lending. The bank's overall performance is considered excellent given the larger dollar volume of HMDA lending in the assessment area.

Distribution of HMDA Loans by Income Level of Borrower

Assessment Area: Myrtle Beach-North Myrtle Beach-Conway, SC MSA (2011)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	HMDA Totals							
Low	26	7.7	1,656	3.8	585	6.3	46,623	3.3
Moderate	67	19.8	5,740	13.0	1,505	16.3	153,463	11.0
Middle	86	25.4	10,250	23.2	1,940	21.0	254,583	18.2
Upper	159	47.0	26,502	60.0	5,205	56.4	944,214	67.5
Total	338	100.0	44,148	100.0	9,235	100.0	1,398,883	100.0
Unknown	2		235		1,517		275,568	

Percentage's (%) are calculated on all loans where incomes are known

The bank’s overall performance is primarily a reflection of the distribution of its home purchase and its refinance loans. FFB’s home purchase lending to low- and moderate borrowers and its refinance lending to moderate-income borrowers are considered excellent, while its refinance lending to low-income borrowers is good given the aggregate lending level.

Overall, during 2011, FFB’s lending to low-income borrowers (7.7%) lagged the percentage of area low-income families (18.2%), but exceeded the aggregate level of lending (6.3%) to such borrowers. In addition, FFB’s lending to moderate-income borrowers (19.8%) exceeded both the percentage of such area families (19.5%) and the aggregate lending level (16.3%) to such borrowers. The bank’s performance during 2011 is considered excellent, and its performance during 2010 is similar.

Distribution of Lending by Loan Amount and Size of Business

Assessment Area: Myrtle Beach-North Myrtle Beach-Conway, SC MSA (2011)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	14	82.4	1,933	81.6	2,556	56.7	117,998	62.5
Over \$1 Million	3	17.6	437	18.4	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	12	70.6	367	15.5	4,116	91.4	61,373	32.5
\$100,001-\$250,000	2	11.8	293	12.4	203	4.5	35,044	18.6
\$250,001-\$1 Million	3	17.6	1,710	72.2	186	4.1	92,341	48.9
Total	17	100.0	2,370	100.0	4,505	100.0	188,758	100.0

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

D&B data indicates that 89.4% of all local businesses have revenues that do not exceed \$1 million per year. According to 2011 aggregate small business data, 56.7% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As previously noted, the aggregate lending level to smaller business is likely somewhat understated because of the activity of credit card lenders and this was considered as an element of performance context. Of the small business loans considered in the evaluation, 82.4% were to businesses with annual revenues of \$1 million or less. During 2011, the bank’s performance is considered good.

During the previous year, the bank's small business lending performance was not as strong. Specifically, FFB reported originating 22 small business loans totaling \$4.7 million during 2010. Of these loans, 14 (63.6%) totaling \$2.7 million (57.5%) were to businesses having revenues of \$1 million or less per year. After excluding large credit card lenders from the 2010 aggregate data, 85.1% of the aggregate reported small business loans were to businesses having revenues of \$1 million or less. The bank's performance during 2010 is considered adequate.

The bank's overall performance during 2010 and 2011 is considered adequate. In reaching this conclusion, FFB's performance during 2010 is weighted more heavily because of the larger dollar volume of small business lending during that year.

Community Development Lending:

The bank did not originate any community development loans within this assessment area during the evaluation period. To the extent that the bank extend such loans, they were required to be reported as either small business or HMDA loans and could not also be reported as community development loans. As previously indicated, opportunities for such lending appear reasonably available within the assessment area.

INVESTMENT TEST

As of the date of the evaluation, FFB did not hold any qualified investments that specifically benefited the Myrtle Beach-North Myrtle Beach-Conway, SC MSA assessment area. As indicated in the State of South Carolina summary section of this evaluation, the bank does, however, hold qualified investments that benefit the statewide area that include this assessment area. The statewide qualified activity includes the following:

- \$1.1 million equity investment in CAHEC
- \$200,000 equity investment in BDC
- \$15,000 in charitable donations

Based on its statewide investment activities, FFB's performance is considered adequate within this assessment area during the evaluation period.

SERVICE TEST

Within the Myrtle Beach-North Myrtle Beach-Conway, SC MSA assessment area, FFB's performance under the Service Test is considered good. Systems for delivering retail banking services are readily accessible to all portions of the assessment area. Also, bank employees have participated in a relatively high level of community development services, given the size, location, and financial capacity of the institution.

Retail Services:

Delivery systems are readily accessible to all portions of the assessment area. ATMs are available and, through a network, provide customers with 24-hour nationwide access. Bank-by-mail, bank-by-computer, and mobile banking services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system.

The institution operates 15 full-service branch offices within this assessment area, including three branches (20%) located in moderate-income census tracts. The bank's remaining branches are located in middle- and upper-income census tracts. Within this assessment area, 12.3% of all area households are located in moderate-income census tracts. There are no low-income census tracts within the assessment area.

Branch offices are generally open until 5:00 p.m. Monday through Thursday and until 5:30 p.m. on Fridays. In addition, six of the bank's branches are open until 6:00 p.m. on Saturday and until 5:00 p.m. on Sundays. Branch locations and business hours are considered convenient and meet the needs of the assessment area.

During the evaluation period, FFB opened one branch office located in a middle-income census tract and closed another branch located in an upper-income census tract. FFB's branching activity did not adversely affect the accessibility of its delivery systems, particularly to low- and moderate-income areas or individuals.

Community Development Services:

Within the assessment area, the bank and its employees participate in a relatively high level of community development service endeavors that provide support to various local organizations whose operations directly benefit low- and moderate-income residents or encourage micro-enterprise development. These activities include but are not limited to the following:

- South Carolina Association of Non-Profit Organizations (community services)
- Community Investment Corporation of the Carolinas (affordable housing)
- Bank in Schools program (financial literacy program in nine different area schools multiple times per school per year)

The institution also offers no-cost checking products to individuals as well as low-cost checking to businesses within the community. These accounts can benefit all segments of the community including low- and moderate-income individuals and small businesses.

SOUTH CAROLINA METROPOLITAN AREAS
(For each metropolitan area where no assessment areas were reviewed using full-scope review)

DESCRIPTION OF INSTITUTION’S OPERATIONS IN METROPOLITAN AREAS

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Facts and data reviewed for the assessment area, including performance and demographic information, can be found in **APPENDIX B** of this evaluation. Conclusions regarding performance, which did not impact the institution’s overall rating, are included in the following tables. For each test, the conclusion conveys whether performance in the assessment area was generally below, consistent with, or exceeded the institution's statewide ratings.

Assessment Area	Lending Test	Investment Test	Service Test
Florence, SC MSA	Consistent	Consistent	Consistent

SOUTH CAROLINA 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 NONMETROPOLITAN STATEWIDE AREAS

Certain assessment areas, which are noted in the table below, were reviewed using the limited review examination procedures. Information detailing the composition of these assessment areas, 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 tables. For each test, the conclusion conveys whether performance in an assessment area was generally below, consistent with, or exceeded the institution's statewide ratings. In the case where the performance was considered below, the performance was at least adequate for the assessment area.

Assessment Area	Lending Test	Investment Test	Service Test
Beaufort County, SC NonMSA	Below	Consistent	Consistent
Georgetown County, SC NonMSA	Exceeds	Consistent	Consistent

STATE OF NORTH CAROLINA

CRA RATING FOR NORTH CAROLINA: SATISFACTORY

The lending test is rated: HIGH SATISFACTORY

The investment test is rated: LOW SATISFACTORY

The service test is rated: HIGH SATISFACTORY

Major factors supporting the rating include:

- Overall lending activity is good in relation to the bank's capacity and the needs of the assessment area.
- While the bank's geographic lending distribution performance varies by product and by year, its HMDA performance is considered good, while its small business performance is adequate. The bank's overall performance is considered good given the larger volume of HMDA lending within North Carolina.
- The bank's borrower lending distribution performance also varies by product and by year. After accounting for the performance variation, its HMDA and its small business lending performance are each considered good.
- During the evaluation period, the bank extended an adequate level of community development loans within the state given available opportunities and bank capacity.
- The bank maintains an adequate level of qualified investments when considering available opportunities.
- Delivery systems and branch locations are accessible to all segments of the bank's assessment areas.
- A relatively high level of participation in qualified community development services was noted.

SCOPE OF EXAMINATION

Reported HMDA and small business loans were analyzed to determine the geographic and borrower distribution of the bank's lending. The reported loan data are from calendar years 2010 and 2011. As previously indicated, the bank did not report originating any small farm loans during 2010 or 2011, so this lending product was not evaluated. The institution's efforts to serve its assessment area through qualified community development investments and services were also reviewed.

The bank has delineated one assessment area (Wilmington, NC MSA) in the State of North Carolina. Statewide ratings for North Carolina are based solely on the bank's performance in this assessment area. The State of North Carolina accounts for 9.2% of the bank's lending (dollar volume), 10.1% of its branches, and 8.7% of its deposit volume.

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

The bank operates seven full-service branches in the counties of Brunswick, New Hanover, and Pender, North Carolina. This assessment area includes all of the Wilmington, NC MSA. As of June 2012, FFB ranked 9th out of 23 institutions in deposit market share having 4% of the assessment area's available FDIC insured deposits. According to 2011 aggregate data, the institution ranked 20th in reported mortgage lending with a .9% market share and ranked 20th in reported small business/farm loans with a .4% market share.

Based on 2000 census data, the assessment area has a population of 274,532 and a median housing value of \$112,900. The owner-occupancy rate for the assessment area (54.3%) lags the statewide rate (61.6%). The overall family poverty rate of the assessment area (8.9%) approximates the state's rate (9%). The 2010 and 2011 HUD estimated median family incomes for the Wilmington, NC MSA equal \$59,200 and \$60,000, respectively. The following table includes pertinent demographic data for the assessment 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	8.3	2,193	2.9	781	35.6	15,495	20.4
Moderate	14	29.2	15,970	21.0	2,373	14.9	13,668	18.0
Middle	21	43.8	43,693	57.5	3,172	7.3	16,713	22.0
Upper	9	18.8	14,076	18.5	415	2.9	30,056	39.6
NA	0	0.0	0	0.0	0	0.0		
Total	48	100.0	75,932	100.0	6,741	8.9	75,932	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	1,364	1.7	3,854	3.4	1,448	37.6	26,903	23.4
Moderate	15,512	18.8	26,737	23.3	5,032	18.8	18,784	16.4
Middle	49,558	60.1	63,182	55.1	7,230	11.4	21,842	19.0
Upper	15,961	19.4	20,980	18.3	1,285	6.1	47,224	41.2
NA	0	0.0	0	0.0	0	0.0		
Total	82,395	100.0	114,753	100.00	14,995	13.1	114,753	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	562	2.8	512	2.8	29	3.1	21	2.5
Moderate	4,320	21.8	3,843	21.2	262	28.1	215	25.8
Middle	11,722	59.0	10,739	59.4	510	54.7	473	56.7
Upper	3,247	16.4	2,991	16.5	131	14.1	125	15.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	19,851	100.0	18,085	100.0	932	100.0	834	100.0
Percentage of Total Businesses:				91.1		4.7		4.2

*NA-Tracts without household or family income as applicable

Primary employment industries include commercial and sport fishing, tourism, health care, agriculture, and local government. Major area employers include area hospitals (New Hanover Regional Medical Center, Brunswick Novant Medical Center, and Pender Memorial Hospital), the University of North Carolina, Wal-Mart stores, the State of North Carolina Department of Corrections, local government, and area school systems. Current and recent periodic unemployment rates are included in the following table:

Geographic Area	Unemployment Rate Trend							
	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011	Mar 2012	June 2012
Brunswick County	10.6%	12.6%	11.8%	10.9%	10.9%	12.4%	10.9%	10.8%
New Hanover County	9.4%	9.7%	9.6%	10.4%	9.7%	9.9%	9.1%	9.4%
Pender County	10.2%	11.9%	11.1%	12.5%	12.4%	12.1%	11.4%	11.2%
Wilmington, NC MSA	9.8%	10.8%	10.4%	10.8%	10.4%	10.9%	9.9%	10%
North Carolina	10.1%	10.5%	10.4%	10.9%	10.4%	10.2%	9.6%	9.9%

As indicated in the preceding table, unemployment rates in New Hanover County have remained somewhat lower than the rates in the other two counties included in the MSA. Since September 2010, unemployment rates in Brunswick and New Hanover counties, the MSA, and the state have fluctuated on a quarterly basis but are currently similar to the rates from September 2010. During the same time period, unemployment rates in Pender County have risen from 10.2% (September 2010) to 11.2% (June 2012). Prospects for improvement in Pender County's unemployment rate may not be favorable in the near term as one large area employer announced that it is eliminating approximately 330 local jobs.

An individual knowledgeable of the local market was contacted during the evaluation to discuss local economic conditions and community credit needs. The individual contacted stated that the current demand for affordable housing exceeds its supply within the market area. The contact further explained that affordable housing was in short supply for both rental and ownership by lower income residents. According to the contact, foreclosure rates have increased during the previous two-year period and while some of the foreclosed property has been converted into rental property few of these properties have lease rates that are affordable to area low- and moderate-income residents. The individual indicated that local financial institutions are reasonably meeting the credit needs of the local market area.

Discussions with the individual knowledgeable of the local market area and reviews of the performance evaluations of other financial institutions having a local presence indicate that local community development opportunities are reasonably available within the bank's assessment area. The institution faces no significant constraints relative to its size or business strategy in making community development loans or investments or supporting community service activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

The institution's overall lending performance within this assessment area is considered good. This conclusion is based on an evaluation of the bank's lending activity, geographic and borrower distribution performance, and the level of community development lending, while taking into account the bank's market strategy, area demographic data, and aggregate loan data.

During 2010 and 2011, FFB originated \$62.8 million in HMDA and \$5.6 million in small business loans within the assessment area. Accordingly, the performance associated with residential mortgage lending was given significant weight when considering overall performance.

Lending Activity:

Bank lending activity within this assessment area, as measured by both number (9.6%) and dollar volume (9.1%), approximates the percentage of branch offices (10.1%) and proportion of deposits (8.7%) in the assessment area and is considered good.

Geographic Distribution:

When considering the bank’s performance by loan product, its geographic distribution performance is good for HMDA lending and adequate for small business lending. Given the substantially larger dollar volume of HMDA lending and relative performance levels, the bank’s overall geographic distribution performance is good.

Distribution of HMDA Loans by Income Level of Census Tract

Assessment Area: Wilmington, NC MSA (2011)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(81)				Home Purchase (6,183)			
Low	1	1.2	70	0.4	33	0.5	4,455	0.4
Moderate	9	11.1	899	5.7	866	14.0	129,871	10.8
Middle	64	79.0	13,769	87.6	4,232	68.4	802,424	66.7
Upper	7	8.6	980	6.2	1,052	17.0	265,956	22.1
	(67)				Refinance (9,478)			
Low	0	0.0	0	0.0	66	0.7	8,488	0.4
Moderate	6	9.0	836	6.9	1,099	11.6	171,412	9.0
Middle	47	70.1	8,204	67.9	6,170	65.1	1,173,435	61.6
Upper	14	20.9	3,050	25.2	2,143	22.6	550,525	28.9
	(0)				Home Improvement (317)			
Low	0	0.0	0	0.0	6	1.9	219	0.8
Moderate	0	0.0	0	0.0	54	17.0	2,614	9.3
Middle	0	0.0	0	0.0	212	66.9	17,222	61.5
Upper	0	0.0	0	0.0	45	14.2	7,954	28.4
	(1)				Multi-Family (13)			
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	6	46.2	96,542	71.2
Middle	1	100.0	80	100.0	6	46.2	38,775	28.6
Upper	0	0.0	0	0.0	1	7.7	200	0.1
	HMDA Totals							
Low	1	0.7	70	0.3	105	0.7	13,162	0.4
Moderate	15	10.1	1,735	6.2	2,025	12.7	400,439	12.2
Middle	112	75.2	22,053	79.1	10,620	66.4	2,031,856	62.1
Upper	21	14.1	4,030	14.5	3,241	20.3	824,635	25.2
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	149	100.0	27,888	100.0	15,991	100.0	3,270,092	100.0

NA*-Tracts without household of 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.

As indicated in the preceding table, the bank primarily extends loans for home purchase and refinance. FFB and the aggregate lenders reported originating a comparatively low volume of home improvement and multi-family loans within the assessment area and this activity is not meaningful in gauging performance. The bank’s home purchase geographic distribution performance is considered good, while its refinance performance is considered adequate.

On a combined product basis during 2011, FFB’s lending in low-income tracts lagged the percentage of owner-occupied housing units in such areas (1.7%) but equaled the aggregate level of lending (.7%). The bank’s level of lending in moderate-income census tracts (10.1%) lagged both the percentage of owner-occupied housing units (18.8%) and the aggregate lending level (12.7%) in such areas. Overall, the bank’s geographic distribution performance during 2011 is considered adequate.

During 2010, the bank’s performance was slightly stronger. Specifically, FFB reported originating 176 residential mortgage loans totaling \$34.9 million within the assessment area during 2010. Of these loans, none (0%) were to residents of low-income census tracts, and 25 (14.2%) totaling \$3.6 million (10.4%) were to moderate-income census tract residents. The bank’s lending performance is considered good and approximates the aggregate lending level to low- (.6%) and moderate-income (13.4%) tracts within the assessment area during 2010.

When considering both the level of activity and strength of the bank’s performance during both 2010 and 2011, its overall combined performance is considered good. In reaching this conclusion, more weight was given to the bank’s performance during 2010 because of the larger dollar volume of lending during that year.

Distribution of Small Business Loans by Income Level of Census Tract

Assessment Area: Wilmington, NC MSA (2011)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	0	0.0	0	0.0	141	2.2	5,571	1.7
Moderate	4	19.0	362	12.2	1,294	20.4	85,541	25.8
Middle	12	57.1	1,661	56.1	3,483	54.9	164,508	49.7
Upper	5	23.8	939	31.7	1,430	22.5	75,315	22.8
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	21	100.0	2,962	100.0	6,348	100.0	330,935	100.0

*NA-Tracts without household or family income as applicable

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

During 2011, the bank reported originating no small business loans to businesses located in low-income tracts. With 2.8% of all area businesses located in low-income census tracts and the aggregate lenders reporting 2.2% of all small business loans in such tracts, both the D&B and aggregate data indicate that small business loan demand is limited within the four area low-income census tracts. The bank’s lending in moderate-income census tracts (19%) slightly lagged the percentage of businesses located in such areas (21.8%) and the aggregate lending level (20.4%). The bank’s overall performance is considered adequate, and its performance during 2010 is substantially similar.

Distribution by Borrower Income and Revenue Size of the Business:

The bank’s HMDA borrower distribution performance ranges from adequate during 2011 to good during 2010 and is considered good overall. Its small business lending performance ranges from adequate to excellent during the same time period and is also considered good overall.

Distribution of HMDA Loans by Income Level of Borrower

Assessment Area: Wilmington, NC MSA (2011)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	HMDA Totals							
Low	6	4.1	519	1.9	645	4.8	59,676	2.3
Moderate	21	14.4	1,618	5.9	2,178	16.3	265,507	10.1
Middle	21	14.4	2,778	10.1	2,904	21.7	439,784	16.7
Upper	98	67.1	22,635	82.2	7,663	57.2	1,871,594	71.0
Total	146	100.0	27,550	100.0	13,390	100.0	2,636,561	100.0
Unknown	3		338		2,601		633,531	

Percentage's (%) are calculated on all loans where incomes are known

Overall, during 2011, the bank’s lending to low-income borrowers (4.1%) lagged the percentage of area low-income families (20.4%) but approximated the aggregate level of lending (4.8%) to such borrowers. Bank lending to moderate-income borrowers (14.4%) lagged both the percentage of such area families (18%) and the aggregate lending level (16.3%). The bank’s performance during 2011 is considered adequate.

During 2010, the bank reported originating 174 HMDA loans totaling \$34.7 million within the assessment area for which borrower incomes were known. Of these loans, 14 (8%) totaling \$1 million (3%) were to low-income borrowers, and 26 (14.9%) totaling \$2.5 million (7.3%) were to moderate-income borrowers. During 2010, the aggregate lenders reported originating 4.9% of all residential mortgage loans to low-income borrowers and 16.8% of such loans were to moderate-income borrowers. While the bank’s lending to low-income borrowers is considered excellent, its lending to moderate-income borrowers is adequate. Overall, the bank’s performance during 2010 is considered good.

While the bank’s performance during 2011 is considered adequate, its performance during 2010 is considered good and reflects a larger dollar volume of lending. The bank’s overall borrower distribution performance is considered good and reflects the greater weight placed on the bank’s performance during 2010.

Distribution of Lending by Loan Amount and Size of Business

Assessment Area: Wilmington, NC MSA (2011)								
<i>by Revenue</i>	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	10	47.6	1,465	49.5	3,364	52.1	180,043	54.3
Over \$1 Million	11	52.4	1,497	50.5	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
<i>by Loan Size</i>								
\$100,000 or less	14	66.7	700	23.6	5,780	89.5	90,877	27.4
\$100,001-\$250,000	3	14.3	527	17.8	318	4.9	54,705	16.5
\$250,001-\$1 Million	4	19.0	1,735	58.6	358	5.5	185,850	56.1
Total	21	100.0	2,962	100.0	6,456	100.0	331,432	100.0

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

D&B data indicates that 91.1% of all local businesses have revenues that do not exceed \$1 million per year. During 2011, 52.1% of aggregate reported small business loans were to businesses with annual revenues of \$1 million or less. The remaining loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. During 2011, 47.6% of FFB’s small business loans were to businesses having revenues of \$1 million or less. As previously noted, the aggregate lending level to smaller business is likely somewhat understated because of activity by credit card lenders. After accounting for this as an element of performance context, the bank’s performance during 2011 is considered adequate.

During 2010, the bank’s performance was stronger. Specifically, the bank reported originating 16 small business loans totaling \$2.7 million. Of these loans, 12 (75%) totaling \$2.3 million (86.6%) were to businesses having annual revenues of \$1 million or less. Excluding large credit card lenders, 63.2% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. The bank’s performance during 2010 is considered excellent.

When considering the bank’s overall performance, the performance for each year is weighted approximately equally because of the similarity in the dollar volume of lending from each year. The bank’s overall performance during 2010 and 2011 is considered good.

Community Development Lending:

As previously discussed, opportunities for community development lending are reasonably available within the Wilmington, NC MSA assessment area. When considering the bank’s capacity, market position, and business strategy, the bank faces no constraints in extending community development loans within the assessment area.

During the evaluation period and specific to the Wilmington, SC MSA assessment area, FFB participated in funding \$150,000 of a loan originated by an affordable housing consortium. When considering available opportunities and the bank’s capacity and market strategy, FFB participated in an adequate level of community development lending within the assessment area during the evaluation period.

INVESTMENT TEST

As of the date of the evaluation, FFB did not hold any qualified investments that specifically benefited the Wilmington, NC MSA assessment area. As indicated in the institution's summary section of this evaluation, the bank does, however, hold the following qualified investment that benefits a multistate regional area that includes the State of North Carolina and this assessment area:

- A \$1.7 million equity investment in Triangle Capital Partners

Based on its bank wide investment activity, FFB's performance is considered adequate within this assessment area during the evaluation period.

SERVICE TEST

Within the Wilmington, NC MSA assessment area, FFB's performance under the service test is considered good. Systems for delivering retail banking services appear effective and are accessible to all portions of the assessment area. Also, bank employees have participated in a relatively high level of community development services, given the size, location, and financial capacity of the institution.

Retail Services:

Delivery systems are accessible to all portions of the assessment area. ATMs are available and, through a network, provide customers with 24-hour nationwide access. Bank-by-mail, internet, and mobile banking services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system.

The institution has seven full-service branches within this assessment area. Of these branches, four are located in middle-income census tracts and three are located in upper-income census tracts. While none of the bank's branches are located in low- or moderate-income census tracts within the assessment area, five of the bank's branches are located in census tracts that are adjacent to area low- and moderate-income census tracts. Within this assessment area, 3.4% of all area households are located in low-income census tracts and 23.3% are located in moderate-income census tracts.

Branch offices are generally open until 5:00 p.m. Monday through Thursday and until 5:30 p.m. on Fridays. In addition, four of the bank's branches are open until 2:00 p.m. on Saturday and one branch is open until 6:00 p.m. on Saturday and until 5:00 p.m. on Sundays. Of the five branches open on weekends, each are located in census tracts adjacent to low- and moderate-income census tracts. Branch locations and business hours are considered convenient and meet the needs of the assessment area.

During the evaluation period, FFB closed two branch offices within the Wilmington, NC MSA assessment area. One office was located in an upper-income census tract, while the other office was located in a middle-income census tract. FFB's branching activities did not adversely affect the accessibility of its delivery systems, particularly to low- and moderate-income areas or individuals.

Community Development Services:

Within the assessment area, the bank and its employees participate in a relatively high level of community development service endeavors that provide support to various local organizations whose operations directly benefit low- and moderate-income residents or encourage micro-enterprise development. These activities include but are not limited to the following:

- Cape Fear Housing Land Trust (affordable housing)
- Community Investment Corporation of the Carolinas (affordable housing)
- Mercy House Homeless Shelter-(community services)
- Bank in Schools program (financial literacy program in five different area schools multiple times per school year)

The institution also offers no-cost checking products to individuals as well as low-cost checking to businesses within the community. These accounts can benefit all segments of the community including low- and moderate-income individuals and small businesses.

CRA APPENDIX A

SCOPE OF EXAMINATION

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED¹	OTHER INFORMATION
Beaufort County, SC NonMSA	Limited Scope	None	None
Charleston-North Charleston-Summerville, SC MSA	Full Scope	4926 Centre Point Dr. North Charleston, SC	None
Florence, SC MSA	Limited Scope	None	None
Georgetown County, SC NonMSA	Limited Scope	None	None
Greenville-Mauldin-Easley, SC MSA	Not evaluated	None	FFB established its branch presence in April 2012
Myrtle Beach-North Myrtle Beach-Conway, SC MSA	Full Scope	5019 Dick Pond Rd. Myrtle Beach, SC	None
Wilmington, NC MSA	Full Scope	3702 South College Rd. Wilmington, NC	None

SUMMARY OF STATE RATINGS

State Name	Lending Test Rating	Investment Test Rating	Service Test Rating	Overall State Rating
South Carolina	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
North Carolina	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory

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

CRA APPENDIX B

LIMITED REVIEW TABLES

Florence, SC MSA Assessment Area

This assessment area includes all of Florence County, South Carolina, which is a portion of the Florence, SC MSA.

Performance Test Data for the Florence, SC MSA Assessment Area

LENDING TEST

Limited Review Lending Table

Assessment Area: Florence, SC MSA (2011)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(27)				(0)			
Low	0	0.0	0.1	1.6	0	0.0	0.0	1.6
Moderate	3	11.1	6.5	15.6	0	0.0	19.3	15.6
Middle	8	29.6	50.9	59.1	0	0.0	66.7	59.1
Upper	16	59.3	42.6	23.6	0	0.0	14.0	23.6
	Refinance				Multi-Family			
<i>Geographic</i>	(52)				(0)			
Low	0	0.0	0.1	1.6	0	0.0	0.0	1.6
Moderate	2	3.8	5.3	15.6	0	0.0	44.4	15.6
Middle	23	44.2	46.4	59.1	0	0.0	22.2	59.1
Upper	27	51.9	48.2	23.6	0	0.0	33.3	23.6
	HMDA Totals				Consumer			
<i>Geographic</i>	(79)				(NA)			
Low	0	0.0	0.1	1.6	NA	NA	NA	NA
Moderate	5	6.3	6.6	15.6	NA	NA	NA	NA
Middle	31	39.2	49.1	59.1	NA	NA	NA	NA
Upper	43	54.4	44.2	23.6	NA	NA	NA	NA
<i>Borrower</i>	(78)				(NA)			
Low	5	6.4	7.1	22.0	NA	NA	NA	NA
Moderate	9	11.5	19.1	15.8	NA	NA	NA	NA
Middle	22	28.2	24.9	20.2	NA	NA	NA	NA
Upper	42	53.8	48.8	42.0	NA	NA	NA	NA
Total	78	100.0	100.0	100.0	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(6)				(0)			
Low	0	0.0	2.1	2.3	0	0.0	0.0	0.6
Moderate	1	16.7	18.9	22.1	0	0.0	17.6	11.2
Middle	3	50.0	46.2	49.6	0	0.0	76.5	77.6
Upper	2	33.3	32.8	25.9	0	0.0	0.0	10.6
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	5	83.3	46.4	89.5	0	0.0	76.5	97.5

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

NA represents no activity in the income category

The bank's geographic lending performance was stronger during 2010 than during 2011, while its borrower distribution performance during 2010 is similar to its performance during 2011.

During the evaluation period, the bank reported originating one multi-family affordable housing loan totaling \$161,500 within the assessment area.

INVESTMENT TEST

Investments benefiting this assessment area are limited to those previously discussed that benefit the State of South Carolina.

SERVICE TEST

The bank has one branch located in the moderate-income census tract, one branch located in a middle-income census tract, and two branches located in upper-income tracts in this assessment area. Banking services offered in the assessment area are substantially the same as the services available to other communities the bank serves.

Within this assessment area, the bank and its employees provided financial literacy classes to three area schools where a majority of the students are from low- and moderate-income families.

Beaufort County, SC NonMSA Assessment Area

This assessment area includes census tracts 0021.00 – 0113.00 of Beaufort County, South Carolina. There are no low- or moderate-income census tracts within the assessment area.

Performance Test Data for Beaufort County, SC NonMSA

LENDING TEST

Limited Review Lending Table

Assessment Area: Beaufort County, SC NonMSA (2011)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(26)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	0.4	2.3	0	0.0	0.0	2.3
Upper	26	100.0	99.6	97.7	0	0.0	100.0	97.7
	Refinance				Multi-Family			
<i>Geographic</i>	(39)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	0.2	2.3	0	0.0	0.0	2.3
Upper	39	100.0	99.8	97.7	0	0.0	100.0	97.7
	HMDA Totals				Consumer			
<i>Geographic</i>	(65)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	0.3	2.3	NA	NA	NA	NA
Upper	65	100.0	99.7	97.7	NA	NA	NA	NA
<i>Borrower</i>	(63)				(NA)			
Low	0	0.0	1.0	7.8	NA	NA	NA	NA
Moderate	3	4.8	6.0	9.7	NA	NA	NA	NA
Middle	2	3.2	12.2	13.8	NA	NA	NA	NA
Upper	58	92.1	80.8	68.6	NA	NA	NA	NA
Total	63	100.0	100.0	99.9	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(0)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	6.0	7.3	0	0.0	0.0	2.9
Upper	0	0.0	94.0	92.7	0	0.0	100.0	97.1
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	0	0.0	44.9	89.6	0	0.0	100.0	94.3

*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
NA represents no activity in the income category*

FFB’s geographic and borrower distribution performances are generally stronger during 2010 than during 2011.

No community development loans were reported as having been extended within this assessment area during the evaluation period.

INVESTMENT TEST

In addition to investments that benefit the South Carolina statewide area, the bank made charitable donation totaling approximately \$28,000 to non-profit organizations that provide community development services specifically within this assessment area.

SERVICE TEST

The bank operates five branches within the assessment. One is located in a middle-income census tract, and the remaining branches are located in upper-income areas. There are no low- or moderate-income census tracts within the assessment area. During the evaluation period, FFB acquired three bank offices located in upper-income census tracts within the assessment area. Banking services offered in this assessment area are substantially the same as the services available to other communities the bank serves.

Within the Beaufort County, SC NonMSA assessment area, the bank and its employees provided financial literacy classes to three area schools where a majority of the students are from low- and moderate-income families.

Georgetown County, SC NonMSA Assessment Area

This assessment area includes all of Georgetown County, South Carolina. There are no low- income census tracts in this assessment area.

Performance Test Data for Georgetown County, SC NonMSA

LENDING TEST

Limited Review Lending Table

Assessment Area: Georgetown County, SC (2011)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(38)				(1)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	4	10.5	5.8	22.6	0	0.0	10.2	22.6
Middle	10	26.3	13.8	35.4	0	0.0	38.8	35.4
Upper	24	63.2	80.5	42.0	1	100.0	51.0	42.0
	Refinance				Multi-Family			
<i>Geographic</i>	(57)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	5	8.8	5.3	22.6	0	0.0	0.0	22.6
Middle	12	21.1	12.6	35.4	0	0.0	0.0	35.4
Upper	40	70.2	82.1	42.0	0	0.0	100.0	42.0
	HMDA Totals				Consumer			
<i>Geographic</i>	(96)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	9	9.4	5.6	22.6	NA	NA	NA	NA
Middle	22	22.9	13.7	35.4	NA	NA	NA	NA
Upper	65	67.7	80.7	42.0	NA	NA	NA	NA
<i>Borrower</i>	(94)				(NA)			
Low	5	5.3	2.7	19.7	NA	NA	NA	NA
Moderate	22	23.4	11.3	16.8	NA	NA	NA	NA
Middle	13	13.8	14.5	19.0	NA	NA	NA	NA
Upper	54	57.4	71.5	44.5	NA	NA	NA	NA
Total	94	100.0	100.0	100.0	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(7)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	4	57.1	12.8	19.7	0	0.0	0.0	20.6
Middle	2	28.6	14.4	18.8	0	0.0	0.0	66.7
Upper	1	14.3	72.8	61.5	0	0.0	100.0	12.7
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	7	100.0	47.9	90.8	0	0.0	0.0	90.5

*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
NA represents no activity in the income category*

FFB's geographic and borrower distribution performances are generally stronger during 2011 than during 2010.

No community development loans were reported as having been extended within this assessment area during the evaluation period.

INVESTMENT TEST

In addition to investments that benefit the South Carolina statewide area, the bank made charitable donation totaling approximately \$1,900 to non-profit organizations that provide community development services specifically within this assessment area.

SERVICE TEST

The bank operates two branches within the assessment area. Both are located in upper-income census tracts. As previously noted, there are no low-income census tracts within the assessment area. During the evaluation period, the bank opened one branch office located in an upper-income census tract and closed an office located in a middle-income census tract. Banking services offered in this assessment area are substantially the same as the services available to other communities the bank serves.

Within the Georgetown County, SC NonMSA assessment area, the bank and its employees provided financial literacy classes to four area schools where a majority of the students are from low- and moderate-income families.

CRA APPENDIX C

LOAN, BRANCH, AND DEPOSIT VOLUME BY ASSESSMENT AREA

The following table includes the distribution of branch offices, along with deposit and loan volume. The deposit volume includes all bank deposits and is current as of June 30, 2012, while the loan volume includes all reported HMDA and small business loans considered in the evaluation.

Assessment Area	Combined 2010 and 2011 HMDA/CRA Loan Volume				Full-Service Branches		Deposit Volume	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Charleston-North Charleston-Summerville, SC MSA *	2,132	56.4%	\$485,096	64.9%	33	47.8%	\$1,393,525	51.1%
Myrtle Beach-North Myrtle Beach-Conway, SC MSA *	751	19.9%	\$96,996	13%	15	21.7%	\$305,993	11.2%
Florence, SC MSA	211	5.6%	\$29,282	3.9%	4	5.8%	\$162,064	6%
Georgetown County, SC NonMSA	204	5.4%	\$29,431	3.9%	2	2.9%	\$224,438	8.2%
Beaufort County, SC NonMSA	120	3.2%	\$38,269	5.1%	5	7.3%	\$204,286	7.5%
Greenville-Mauldin-Easley, SC MSA **	0	0%	\$0	0%	3	4.4%	\$199,022	7.3%
<i>South Carolina Subtotals</i>	<i>3,418</i>	<i>90.5%</i>	<i>\$679,074</i>	<i>90.8%</i>	<i>62</i>	<i>89.9%</i>	<i>\$2,489,328</i>	<i>91.3%</i>
Wilmington, NC MSA*	362	9.5%	\$68,372	9.2%	7	10.1%	\$236,832	8.7%
TOTAL	3,780	100%	\$747,446	100%	69	100%	\$2,726,160	100%

* Full-scope assessment areas

** New Assessment Area as of April 2012

CRA 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, Investment, and Service 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, Investment, and Service 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.