

PUBLIC DISCLOSURE

September 16, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

South State Bank
Certificate Number: 13425

520 Gervais Street
Columbia, South Carolina, 29201

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Atlanta Regional Office

10 Tenth Street NE, Suite 800
Atlanta, Georgia, 30309-3849

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

The Lending Test is rated High Satisfactory.

- Lending levels reflect good responsiveness to credit needs of the assessment areas.
- A substantial majority of loans are made in the institution's assessment areas.
- The geographic distribution of loans reflects adequate penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the products offered by the institution, adequate penetration among retail customers of different income levels and business customers of different sizes.
- The institution uses flexible lending practices in order to meet the credit needs of the assessment areas.
- The institution has made a relatively high level of community development loans.

The Investment Test is rated High Satisfactory.

- The institution has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits good responsiveness to credit and community economic development needs.
- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated High Satisfactory.

- Delivery systems are accessible to essentially all portions of the assessment areas.
- To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services and business hours do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies or individuals.
- The institution provides a relatively high level of community development services within its assessment areas.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from November 1, 2016, to the current evaluation dated September 16, 2019. Examiners used the Interagency Large Institution Community Reinvestment Act (CRA) Examination Procedures to evaluate South State Bank's CRA performance. These procedures include three tests: Lending, Investment, and Service Tests.

The Lending Test considers an institution's performance with respect to its lending activity and assessment area concentration; geographic distribution and borrower profile characteristics; innovative and/or flexible lending practices; and community development lending. The Investment Test considers the nature of an institution's qualified investments and donations. In particular, the investment test considers the level, responsiveness, innovativeness, and complexity of these activities. Lastly, the Service Test analyzes an institution's retail services in relation to accessibility of delivery systems; branch locations, including the institution's record of opening and closing branches, particularly branches located in low- or moderate-income geographies, or primarily serving low- or moderate-income individuals; and reasonableness of business hours and services. The Service Test also evaluates the level of community development services.

Loan Products Reviewed

This evaluation includes a review of loans reported pursuant to the Home Mortgage Disclosure Act (HMDA) and CRA for 2017 and 2018. The tables in Appendix D present 2017 lending figures and 2017 lending performance is addressed under the Geographic Distribution and Borrower Profile factors, as this is the most recent year for which aggregate lending data is available for comparison purposes. Examiners also reviewed lending performance for 2018 and if any lending anomalies were identified in 2018, they are addressed under the Geographic Distribution and Borrower Profile performance factors. Lastly, the Geographic Distribution and Borrower Profile discussion focuses on loans South State Bank originated inside its assessment areas.

When weighing the loan product impact on performance conclusions, other than community

development lending, examiners evaluated the volume of home mortgage, small business, and small farm lending over the 2017 and 2018 review period. As shown in the table below, South State Bank's reportable loans by number and dollar volume during the review period reflected an emphasis on home mortgage lending. Analysis of home mortgage lending aggregated all HMDA-reported loans, which included home purchase, home improvement, refinances, and multi-family originations. Where refinance, home improvement, and multi-family lending volumes were too low for separate analyses in some assessment areas, examiners did consider multi-family loans that met the community development definition in the evaluation of community development lending. The bank originated a nominal amount of small farm loans by number and dollar volume; therefore, no further analysis of this loan product was performed for the current evaluation period.

Loan Category	Universe of Loans			
	#	%	\$(000s)	%
Home Mortgage	14,813	61.2	3,547,590	68.7
Small Business	9,120	37.6	1,582,689	30.6
Small Farm	292	1.2	34,333	0.7
Total	24,225	100.0	5,164,612	100.0

Source: 2017 and 2018 HMDA and CRA LARs

As reflected in the previous table, home mortgage lending was the bank's primary product by number and dollar volume of reported loans during the review period. Therefore, examiners placed greater overall weight on the distribution of home mortgage loans than on the distribution of small business loans. Additionally, examiners noted, under the relevant assessment areas, where home mortgage loans were not the primary product. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans under the geographic distribution and borrower profile criteria, because the number of loans is a better indicator of the number of businesses and individuals served.

The following table presents gross loan activity from January 1, 2018, through December 31, 2018.

Loans Originated or Purchased (2018)				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	106,262	4.8	1,126	5.8
Secured by Farmland	21,804	1.0	77	0.4
Secured by 1-4 Family Residential Properties	559,845	25.2	5,599	28.8
Multi-Family (5 or more) Residential Properties	56,763	2.5	36	0.2
Commercial Real Estate Loans	879,926	39.6	1,321	6.8
Commercial and Industrial Loans	331,560	14.9	2,833	14.6
Agricultural Loans	1,367	0.1	34	0.2
Consumer Loans	170,361	7.6	8,281	42.6
Other Loans	95,295	4.3	114	0.6
Total Loans	2,223,183	100.0	19,421	100.0

Source: Bank Records 1/1/2018 through 12/31/2018

While reviewing lending in all assessment areas, examiners evaluated the bank's lending data, deposit activity, and the number of branches to determine which states or multistate areas would receive the most weight. The bank delineated 19 assessment areas located in four states, including three multistate assessment areas. As shown in the following table, South Carolina has the most lending and deposit activity and the largest branching network. Consequently, examiners gave the most weight to the bank's lending performance in this state overall. Secondary weight was assigned to the Charlotte-Concord-Gastonia North Carolina (NC)-South Carolina (SC) Multistate Metropolitan Statistical Area (MMSA), Georgia (GA), and the Augusta-Richmond County GA-SC MMSA. Examiners determined full- and limited-scope reviews based on the concentration of lending in each assessment area within each state and the scope of analysis each assessment area received at the previous evaluation. Appendix A lists each assessment area and whether a full- or limited-scope analysis was performed.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans*		Deposits**		Branches***	
	\$(000s)	%	\$(000s)	%	#	%
Charleston-North Charleston, SC MSA	816,274	16.9	1,888,604	15.8	22	14.4
Columbia, SC MSA	337,681	7.0	630,637	5.3	9	5.9
Florence, SC MSA	54,044	1.1	385,041	3.2	5	3.3
Greenville-Anderson-Mauldin, SC MSA	669,573	13.9	1,088,808	9.1	14	9.1
Hilton Head Island-Bluffton-Beaufort, SC MSA	373,438	7.7	672,319	5.6	9	5.9
Spartanburg, SC MSA	58,166	1.2	150,112	1.3	2	1.3
Sumter, SC MSA	7,007	0.1	49,355	0.4	1	0.6
SC Non-MSA	292,035	6.1	1,327,919	11.1	16	10.5
South Carolina Subtotal	2,608,218	54.1	6,192,795	51.8	78	51.0
Athens-Clarke County, Georgia (GA) MSA	15,167	0.3	30,931	0.3	1	0.6
Atlanta-Sandy Springs-Roswell, GA MSA	25,482	0.6	80,686	0.7	2	1.3
Gainesville, GA MSA	27,852	0.6	98,613	0.8	1	0.6
Savannah, GA MSA	271,275	5.6	565,665	4.7	5	3.3
GA Non-MSA	97,783	2.0	966,294	8.1	14	9.2
Georgia Subtotal	437,559	9.1	1,742,189	14.6	23	15.0
Raleigh, NC MSA+	21,573	0.4	11,779	0.1	1	0.6
Wilmington, NC MSA	72,330	1.5	229,907	1.9	4	2.6
North Carolina Subtotal	93,903	1.9	241,686	2.0	5	3.2
Richmond, Virginia (VA) MSA+	64,998	1.3	424,655	3.6	7	4.6
Virginia Subtotal	64,998	1.3	424,655	3.6	7	4.6
Multistate – Charlotte-Concord-Gastonia, NC-SC MMSA	802,784	16.7	1,629,430	13.6	21	13.8
Multistate – Augusta-Richmond County, GA-SC MMSA	488,074	10.1	1,314,150	11.0	11	7.2
Multistate – Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMSA	325,523	6.8	399,170	3.4	8	5.2
Total	4,821,059	100.0	11,944,075	100.0	153	100.0
*Source: 2017 & 2018 HMDA/CRA LARs; **FDIC Summary of Deposits as of 6/30/19; ***Bank records as of 6/30/19. + The bank added these assessment areas on November 30, 2017 through an acquisition.						

Community Development Activities

The evaluation period for community development loans, qualified investments, and community development services was November 1, 2016, through September 16, 2019. All qualified investments purchased prior to the evaluation period that remain outstanding are also included. Furthermore, examiners evaluated community development activities quantitatively based on the financial capacity of the bank, as well as qualitatively based upon the impact to the assessment areas.

DESCRIPTION OF INSTITUTION

Background

South State Bank is a \$15.7 billion state chartered financial institution headquartered in Columbia, SC. The bank is a subsidiary of South State Corporation, a one-bank holding company headquartered in Columbia, SC. The bank also operates South State Advisory, an investment company; SSB Properties, a trustee for deeds of trust in NC and Virginia (VA); Port City Ventures, LLC; and 46 Broad Street, LLC. South State Corporation also operates 12 trust companies, including SCBT Capital Trust I, II, and III, TSB Statutory Trust I, and SAVB Capital Trust 1 and 2.

The bank received a Satisfactory rating based on the Interagency Large Institution CRA Examination Procedures at the previous CRA evaluation dated October 31, 2016. Since the previous evaluation, the bank acquired a total of 65 branch offices from two acquisitions, Georgia Bank & Trust Company of Augusta, Augusta, GA (January 3, 2017) and Park Sterling Bank, Charlotte, NC (November 31, 2017).

Since the prior evaluation, there were seven public comments related to mergers and acquisitions and branching structure, i.e. branch hours, openings, and closures. The bank provided written responses to customers which included acknowledgement of their concerns, full-service branches located closest to the customer, and available alternative forms of banking.

Operations

South State Bank operated 153 full-service branch offices and 13 free standing deposit-taking Automated Teller Machines (ATMs) in the identified assessment areas during the evaluation period.

As of the June 30, 2019 Consolidated Reports of Condition and Income, South State Bank had total loans of \$11.3 billion or 71.9 percent of total assets. As shown in the following table, commercial real estate and commercial and industrial loans represent the largest portion of the loan portfolio at 45.7 percent, followed by one-to-four family residential properties at 34.4 percent.

Loan Portfolio Distribution as of 6/30/19		
Loan Category	\$(000s)	%
Construction and Land Development	957,347	8.5
Secured by Farmland	71,196	0.6
Secured by 1-4 Family Residential Properties	3,877,782	34.4
Secured by Multi-family (5 or more) Residential Properties	260,515	2.3
Secured by Nonfarm Nonresidential Properties	4,180,502	37.1
Total Real Estate Loans	9,347,342	82.9
Commercial and Industrial Loans	971,094	8.6
Agricultural Loans	11,234	0.1
Consumer Loans	642,556	5.7
Other Loans	301,762	2.7
Less: Unearned Income	0	0.0
Total Loans	11,273,988	100.0
<i>Source: Reports of Condition and Income</i>		

Ability and Capacity

South State Bank has provided for the credit needs of its assessment areas in a manner consistent with its size, financial capacity, location, resources, and local economic conditions. There are no financial or legal impediments, other than legal lending limits, to prevent the bank from meeting the credit needs of its assessment areas. A review of FDIC records, as well as the bank's public CRA file, did not reveal any complaints relating to the bank's CRA performance.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires financial institutions to define assessment areas within which its CRA performance will be evaluated. South State Bank has defined 19 assessment areas located in four states and three multistate MSAs. These assessment areas represent either whole MSAs, portions of MSAs, or counties which are not part of an MSA combined to form state non-MSA assessment areas. The bank has defined each assessment area in accordance with the technical requirements of the CRA regulation. The following table provides descriptions of the assessment areas.

Description of Assessment Areas		
Assessment Area	Counties in Assessment Area	# of CTs
Charleston-North Charleston, SC MSA (Charleston MSA)	Berkeley, Charleston, Dorchester	156
Columbia, SC MSA (Columbia MSA)	Fairfield, Lexington, Richland, Saluda	173
Florence, SC MSA (Florence MSA)	Darlington, Florence	49
Greenville-Anderson-Mauldin, SC MSA (Greenville MSA)	Anderson, Greenville, Laurens, Pickens	195
Hilton Head Island-Bluffton-Beaufort, SC MSA (Hilton Head MSA)	Beaufort, Jasper	46
Spartanburg, SC MSA (Spartanburg MSA)	Spartanburg, Union	78
Sumter, SC MSA (Sumter MSA)	Sumter	23
SC Non-MSA	Abbeville, Bamberg, Colleton, Georgetown, Greenwood, Newberry, Oconee, Orangeburg	92
Athens-Clarke County, GA MSA (Athens MSA)	Clarke	30
Atlanta-Sandy Springs-Roswell, GA MSA (Atlanta MSA)	Barrow, Cherokee	44
Gainesville, GA MSA (Gainesville MSA)	Hall	36
Savannah, GA MSA (Savannah MSA)	Bryan, Chatham	79
GA Non-MSA	Banks, Fannin, Gilmer, Habersham, Hart, Jackson, Rabun, Stephens, Towns, Union, White	62
Raleigh, NC MSA (Raleigh MSA)	Wake	187
Wilmington, NC MSA (Wilmington MSA)	New Hanover, Pender	61
Richmond, VA MSA (Richmond MSA)	Chesterfield, Hanover, Henrico, Richmond City	224
Multistate – Charlotte-Concord-Gastonia, NC-SC MSA (Charlotte-Concord MMSA)	Gaston (NC), Iredell (NC), Mecklenburg (NC), Rowan (NC), Union (NC), York (SC)	459
Multistate–Augusta-Richmond County, GA-SC MSA (Augusta-Richmond MMSA)	Aiken (SC), Columbia (GA), Richmond (GA)	100
Multistate – Myrtle Beach-Conway-North Myrtle Beach, SC-NC MSA (Myrtle Beach-Conway MMSA)	Brunswick (NC), Horry (SC)	105
<i>Source: Bank Records</i>		

Community Contact

As part of the evaluation process, examiners contact third parties that are active in a bank's assessment areas or rely on recent contacts to identify the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available. During this evaluation, three recent contacts were reviewed for the bank's assessment areas.

Two of the contacts' organizations represent economic development, and one represented housing and neighborhood development. All contacts indicated that the economies in their areas

are stable and doing well, some with the lowest unemployment rates in several years. Many of the contacts stated small businesses continue to struggle in obtaining financing, especially start-up businesses. Additionally, a contact stated, as housing prices rise in most areas, the supply of affordable housing for low- and moderate-income individuals has experienced a downward trend.

While economic improvement has been significant, the community contacts indicate there continues to be economic development and affordable housing needs that financial organizations are not meeting. In particular, there is a need for working capital financing for small businesses. In addition, financial institutions could participate more in affordable housing grant programs.

Credit and Community Development Needs and Opportunities

Examiners identified a need for small business and home mortgage loans in most of the assessment areas, based on a review of demographic, economic, and community contact information. In particular, community contacts noted the need for working capital small business loans and for affordable housing assistance programs.

CONCLUSIONS ON PERFORMANCE CRITERIA

The following statements and conclusions are based on South State Bank's overall CRA performance. Lending, investment, and service performances in each of the assessment areas were considered and weighed accordingly.

LENDING TEST

The overall Lending Test rating for this institution is High Satisfactory. The bank's lending levels reflect good responsiveness to the assessment areas' credit needs and a substantial majority of the loans are made in the assessment areas. The geographic distribution of loans reflects adequate penetration throughout the assessment areas, and the distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes. The institution uses flexible lending practices in order to serve the assessment areas' credit needs and originated a relatively high level of community development loans.

Lending Activity

Lending levels reflect good responsiveness to the assessment areas' credit needs. As of the June 30, 2019 Consolidated Report of Condition and Income, South State Bank's average loan-to-deposit ratio was 91.9 percent, which exceeds the Uniform Bank Performance Report (UBPR) peer group loan-to-deposit ratio of 87.7 percent, as of June 30, 2019. The bank's UBPR peer group includes 93 insured commercial banks having assets between \$10 billion and \$100 billion. The bank's ratio ranged from a low of 87.4 percent in the first quarter of 2017 to a high of 94.2 percent in the fourth quarter of 2018.

Assessment Area Concentration

A substantial majority of loans were made inside the bank's assessment areas. The following table reveals that a significant percentage of home mortgage and small business loans, by number and dollar volume, were originated inside the institution's assessment areas.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2017	6,138	91.9	540	8.1	6,678	1,590,729	94.7	88,459	5.3	1,679,188
2018	7,499	92.2	636	7.8	8,135	1,749,871	93.7	118,531	6.3	1,868,402
Subtotal	13,637	92.1	1,176	7.9	14,813	3,340,600	94.2	206,990	5.8	3,547,590
Small Business										
2017	3,858	93.9	252	6.1	4,110	634,660	92.0	55,131	8.0	689,791
2018	4,662	93.1	348	6.9	5,010	818,898	91.7	74,000	8.3	892,898
Subtotal	8,520	93.4	600	6.6	9,120	1,453,558	91.8	129,131	8.2	1,582,689
Total	22,157	92.6	1,776	7.4	23,933	4,794,158	93.4	336,121	6.6	5,130,279
Source: Evaluation Period: 1/1/2017 - 12/31/2018 Bank Data; Due to rounding, totals may not equal 100.0										

Geographic Distribution

The geographic distribution of loans reflects an overall adequate penetration throughout the assessment areas. Please refer to the HMDA and CRA lending performance tables in Appendix D for details about the geographic distribution of loans in each state.

The geographic distribution of HMDA loans reflects adequate penetration throughout the assessment areas. The bank's performance in South Carolina supports this conclusion. Lending performance in Georgia was good and adequate in North Carolina, Virginia, Augusta-Richmond County MMSA, Charlotte-Concord MMSA, and Myrtle Beach-Conway MMSA rated areas.

The geographic distribution of small business loans reflects good penetration throughout the assessment areas. The bank's performance in South Carolina supports this conclusion. Lending performance was good in Georgia, Virginia, Charlotte-Concord MMSA, and Myrtle Beach-Conway MMSA rated areas and adequate in North Carolina, and Augusta-Richmond County MMSA rated areas.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, an overall adequate penetration among individuals of different income levels and businesses of different sizes throughout the assessment areas.

The distribution of borrowers, with regard to HMDA loans, reflects adequate penetration among retail customers of different income levels. The bank's performance in all rated areas, with the exception of Virginia, was adequate.

The distribution of borrowers, with regard to small business loans, reflects adequate penetration among business customers of different sizes. The bank's performance in South Carolina supports this conclusion. Lending performance was poor in Virginia, but adequate in Georgia, North Carolina, Augusta-Richmond County MMSA, Charlotte-Concord MMSA, and Myrtle Beach-Conway MMSA.

Innovative or Flexible Lending Practices

South State Bank uses innovative and flexible lending practices in order to serve the assessment areas' credit needs. During the evaluation period, innovative and flexible lending programs included 2,556 loans totaling \$489.2 million. This performance represents a significant increase by number and dollar volume from the previous evaluation. Some of the programs are specific to market areas as they are provided through state and city housing agencies, but the majority of the programs are offered in all assessment areas. A summary of the programs offered by South State Bank is detailed in the following table.

Innovative or Flexible Lending Programs										
Type of Program	Nov/Dec. 2016		2017		2018		YTD 2019		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
FHA	30	4,736	342	55,751	225	39,029	105	18,971	702	118,487
VA	37	9,423	367	84,731	246	59,338	137	36,855	787	190,347
USDA	10	1,182	77	10,235	46	6,018	19	2,871	152	20,306
SC Down Payment Assistance Program	3	15	14	86	7	42	0	0	24	143
GA Dream	-	-	-	-	-	-	-	-	-	-
NC Home Advantage	-	-	-	-	-	-	-	-	-	-
City of Columbia	1	85	1	89	-	-	-	-	2	174
City of Augusta	-	-	-	-	-	-	-	-	-	-
Savannah Dream Maker	-	-	-	-	-	-	-	-	-	-
Community Solutions	10	1,564	62	8,392	144	21,314	134	21,374	350	52,644
Fannie Mae Home Ready Program	12	1,634	126	20,164	156	25,756	63	10,527	357	58,081
FEMA Flood Disaster Program	13	808	15	2,042	15	391	-	-	43	3,241
FHLB Weatherization and Rehab Program	2	19	4	42	5	60	1	10	12	131
SC Capital Access Program	1	100	4	225	1	99	1	100	7	524
State Small Business Credit Initiative	3	2,351	21	13,187	21	9,918	16	8,984	61	34,440
Mortgage Loan Modification Programs	4	990	22	3,879	17	2,745	16	3,048	59	10,662
Totals	126	22,907	1,055	198,823	883	164,710	492	102,740	2,556	489,180
<i>Source: Bank Records</i>										

South State Bank offers flexible housing loans through the following Federal government agencies: Federal Housing Administration (FHA), Veterans Administration (VA), and the United States Department of Agriculture (USDA). These programs provide affordable home ownership opportunities to low- and moderate-income families. The programs also offer flexible underwriting criteria, government guarantees, lower down-payment requirements, and closing cost assistance. South State Bank participates in several state and city programs that offer second-lien loans that provide down payment assistance, closing cost assistance or other costs assistance up to a percentage of the first mortgage. These programs generally target first-time homebuyers, as well as low- and moderate-income borrowers, and provide below market interest rates and flexible terms. Although not widely used during the evaluation period, the bank does make them available.

South State Bank offers a proprietary affordable mortgage product, *Community Solutions*, designed to meet the needs of (1) borrowers purchasing a primary residence in a low- or moderate-income census tract within the bank's assessment areas; or (2) borrowers purchasing a primary residence with total qualifying income less than 80.0 percent of the U.S. Department of Housing and Urban Development's (HUD) median income limit within the assessment areas. Since the previous evaluation, South State Bank has provided this program to 350 qualified borrowers with loans totaling \$52.6 million.

South State Bank also provides access to the *Fannie Mae Home Ready Mortgage Program*, which is a residential mortgage program that provides creditworthy low- and moderate-income borrowers affordable mortgages, with expanded eligibility guidelines for homes in low-income communities. The bank has made 357 loans totaling \$58.1 million under this program during this evaluation period.

The bank provides weather-related mortgages through programs such as the *FEMA Flood Disaster Program* and *FHLB Weatherization and Rehab Program*. The flood disaster program provides assistance to reduce the impact of flooding on private and public structures by providing affordable renovation construction loans in designated disaster areas. Since the last evaluation, the bank has provided loans to 43 borrowers totaling \$3.2 million. Additionally, the bank offers a weatherization and rehab program that offers interest-free loans for rehabilitation or weatherization of primary residences to low- and moderate-income individuals. Since the last evaluation, the bank extended 12 loans totaling \$131,000.

South State Bank also participates in two lending programs that support small business lending. The *SC Capital Access Program (SC CAP)* is a lending program that is designed to provide financial institutions operating in South Carolina with a flexible tool to originate business loans that may not meet conventional underwriting standards. It uses a small amount of public resources to generate a large amount of private financing to small businesses that might not otherwise be able to obtain conventional financing.

Additionally, the bank is involved in the *State Small Business Credit Initiative (SSBCI)*, a collaborative program funded by the U.S. Department of the Treasury, managed by the states and their contractors, and implemented through the participation of private sector lenders and investors. It allows participating states to use federal funds for programs that leverage private lending to help finance small businesses and manufacturers that are creditworthy, but are not able to obtain loans needed for business and job expansion.

Finally, the bank offers mortgage loan modification programs, providing loss mitigation options for troubled borrowers, helping to keep families in their homes. Through two different programs, the bank has assisted 59 troubled borrowers, totaling \$10.7 million, since the previous evaluation.

Community Development Lending

South State Bank has made a relatively high level of community development loans. During the evaluation period, the bank originated 266 community development loans totaling \$513.2 million. By dollar volume, this lending activity accounts for 4.5 percent of total loans and 3.3 percent of total assets as of June 30, 2019. Since the prior evaluation, the number and dollar

volume of community development loans originated increased significantly from 82 loans totaling \$148.8 million, which previously accounted for 2.3 percent of total loans and 1.7 percent of total assets. Although the bank increased its number and dollar volume of community development loans when compared to the prior evaluation, 29.7 percent of the qualified loans were renewals.

A significant number of the bank's assessment areas were impacted by Hurricane Florence (2018), Hurricane Irma (2017), and Hurricane Matthew (2016). The Federal Emergency Management Agency (FEMA) designated the severely damaged counties as Major Disaster Areas. Approximately 72.6 percent, or 193, of the bank's community development loans were extended in designated disaster areas. As these loans were related to disaster recovery efforts that revitalized or stabilized the communities that were negatively impacted, all loans received consideration. Lastly, the bank originated 24 community development loans, totaling \$49.2 million, outside of its delineated assessment areas. These loans receive qualitative consideration, given that they benefit the broader regional area of the bank's operations, and the bank has adequately served the credit needs of its assessment areas.

South State Bank's community development loans were extended to various organizations that support affordable housing to low- and moderate-income individuals, promote economic development and revitalization or stabilization efforts in low-, moderate-, and distressed non-metropolitan middle-income census tracts, and provide community development services to low- and moderate-income individuals. The following tables detail the bank's community development lending by community development purpose and year, as well as in each rated area. Refer to each assessment area within each rated area for further discussion of community development lending activities. The bank's community development lending performance is weighted most heavily in South Carolina.

Community Development Lending by Activity Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
11/1/2016 – 12/31/2016	3	2,100	3	355	0	0	6	22,159	12	24,614
2017	14	18,854	32	50,709	4	4,352	31	72,654	81	146,569
2018	9	4,749	26	21,590	10	15,534	60	185,036	105	226,909
YTD 2019	15	25,387	17	29,305	9	24,063	27	36,321	68	115,076
Total	41	51,090	78	101,959	23	43,949	124	316,170	266	513,168
<i>Source: Bank Records</i>										

Community Development Lending by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
South Carolina	19	26,998	41	50,329	13	20,824	81	205,471	154	303,622
Georgia	0	0	19	23,501	1	1,641	24	53,344	44	78,486
North Carolina	3	4,830	2	5,032	1	4,857	2	5,936	8	20,655
Virginia	1	172	1	4,500	0	0	5	18,358	7	23,030
Augusta-Richmond MMSA	1	72	8	5,801	2	1,105	8	22,412	19	29,390
Charlotte-Concord MMSA	14	17,827	7	12,796	4	7,772	3	9,029	28	47,424
Myrtle Beach-Conway-MMSA	3	1,191	0	0	2	7,750	1	1,620	6	10,561
Total	41	51,090	78	101,959	23	43,949	124	316,170	266	513,168
<i>Source: Bank Records</i>										

INVESTMENT TEST

The overall Investment Test rating for this institution is High Satisfactory. South State Bank maintains a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. Considering available investment opportunities, the bank's qualified investments exhibit a good responsiveness to the credit and community economic development needs of the assessment areas. The bank occasionally uses innovative and/or complex investments to support community development initiatives.

The bank primarily fulfills its community development investment objectives through the combination of investments in low-income housing tax credits (LIHTCs), mortgage-backed securities (MBSs), municipal bonds, Small Business Investment Companies (SBICs), Community Development Financial Institutions (CDFIs), equity funds, certificates of deposits (CDs), and charitable contributions.

Investment Activity

Investments and donations during this evaluation period totaled \$117.3 million or 0.7 percent of total assets, 4.7 percent of equity capital, and 6.8 percent of total investments as of June 30, 2019. This level of investments represents an increase from the prior examination when South State Bank maintained \$47.7 million in community development investments, which represented 0.5 percent of total assets, 4.2 percent of equity capital, and 5.1 percent of total investments. The bank's volume of qualified investments was comparable to similarly situated banks, selected by asset size. These similarly-situated banks had community development investments to total investments ratios that ranged between 2.6 and 9.3 percent.

Qualified community development investments made during the evaluation period primarily included federal and state LIHTCs and MBSs, which were designed to provide funding and liquidity to the affordable housing markets. In addition, the municipal bonds strongly improved

the circumstances for low- and moderate-income individuals and stabilized and revitalized the communities in which they lived and worked. Further, equity equivalent investments (EQ2s) provided equity to community development organizations to fund their missions of providing services to low- and moderate-income individuals and families and loans to small businesses.

The following tables show the bank's investment totals by activity year and purpose and by rated area. Of the \$117.3 million total qualified investments, \$74.7 million were new qualified investments, \$39.9 million were prior period investments, and \$2.7 million were donations. The rated assessment area table also details regional activities totaling \$4.7 million which are qualified broader state-wide (SC, GA, NC, VA) activities. Since the bank met the needs of its assessment areas, consideration was also given to these additional investments. Further details regarding specific investment and donation activity is provided under the investment section of each assessment area.

Qualified Investments By Activity Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	9	30,931	0	0	7	2,163	10	6,802	26	39,896
11/1/2016 – 12/31/2016	0	0	0	0	1	1,000	0	0	1	1,000
217	3	12,859	0	0	3	3,490	0	0	6	16,349
2018	6	17,545	0	0	6	3,000	1	1,123	13	21,668
YTD 2019	6	32,666	0	0	0	0	1	3,000	7	35,666
Subtotal	24	94,001	0	0	17	9,653	12	10,925	53	114,579
Qualified Grants & Donations	101	267	708	1,886	86	411	8	154	903	2,718
Total	125	94,268	708	1,886	103	10,064	20	11,079	956	117,297
<i>Source: Bank Records</i>										

Qualified Investments by Rated Assessment Area						
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals	
	\$(000s)	\$(000s)	\$(000s)	\$(000s)	%	\$(000s)
South Carolina	38,969	849	4,315	3,925	41.0	48,058
Georgia	8,259	467	1,527	2,584	10.9	12,837
North Carolina	6,432	117	249	0	5.8	6,798
Virginia	11,370	37	0	0	9.7	11,407
Augusta-Richmond County, GA-SC MSA	2,705	210	276	3,441	5.7	6,632
Charlotte-Concord-Gastonia, NC-SC MSA	16,382	155	444	1	14.5	16,982
Myrtle Beach-Conway-North Myrtle Beach, SC-NC MSA	8,711	37	4	1,128	8.4	9,880
Regional Activities	1,440	14	3,249	0	4.0	4,703
Total	94,268	1,886	10,064	11,079	100.0	117,297
<i>Source: Bank Records</i>						

Responsiveness to Credit and Community Development Needs

South State Bank exhibits good responsiveness to credit and community economic development needs throughout the states and assessment areas it serves. The assessment areas in which investment performance was considered significant includes Columbia MSA, Florence MSA, SC Non-MSA, GA Non-MSA, Richmond MSA, and Charlotte-Concord MMSA. The bank continues to be responsive in meeting the affordable housing and economic development needs of its assessment areas and revitalization and/or stabilization of communities within its assessment areas. MBSs, LIHTCs, municipal bonds, equity investments, SBICs, and CDFIs make up the bank's new equity investments totaling \$74.7 million. Of these investments, \$71.4 million or 95.6 percent directly benefited the bank's assessment areas.

During the evaluation period, a substantial portion of qualified investments at \$48.7 million were made in LIHTCs to provide funding and liquidity to the affordable housing markets. The bank invested in ten new federal and state equity funds, which provided capital to affordable housing projects within the bank's assessment areas. LIHTCs are particularly responsive to affordable housing needs as they enable developers to gain access to capital markets to promote home ownership through the development of affordable housing projects.

The bank also invests in Fannie Mae and Freddie Mac MBSs. These issuances are collateralized by single-family home mortgages to low- and moderate-income borrowers located within the bank's assessment areas. During the evaluation period, the bank held \$20.4 million in MBSs where collateral for these securities are located within seven of the bank's assessment areas. Additionally, the bank continues to invest in bonds to municipalities providing for infrastructure development in low-, moderate-, or distressed middle-income census tracts, job creation, renovations and improvements vital to revitalization plans, and construction or renovations of schools in distressed middle-income census tracts. The majority of the bank's municipal bonds

are from the prior period; however, one new municipal bond was purchased during the evaluation period for \$1.1 million within the bank's assessment area.

Qualified investments also include CDFIs and equity funds that help provide capital to projects that support affordable housing and small business development. During the evaluation period, the bank provided funding of \$1.0 million to a business development company in the Columbia MSA that provides financing to small businesses unable to obtain financing through traditional lending sources, and invested \$3.0 million in a SBICs which provides capital solutions to small businesses throughout the bank's assessment areas.

Additionally, qualified donations can be very responsive to charitable or community-based organizations serving local residents of their respective assessment areas. Many organizations rely on these contributions to continue their services. The bank made 903 donations to qualified organizations during this evaluation period totaling \$2.7 million. Donations benefited all of the bank's assessment areas.

Innovativeness or Complexity of Qualified Investments

The bank occasionally uses innovative and/or complex investments to support community development initiatives. MBSs, LIHTCs, and municipal bonds make up the majority of the bank's new investments since the prior evaluation. Although these investments help to sustain affordable housing and revitalization and stabilization in the bank's assessment areas, they were not innovative. However, the majority of these investments were collateralized specifically to benefit the bank's assessment areas adding some complexity.

In addition, the bank provided \$2.7 million in EQ2s to four community development banks (CDBs) that also serve as CDFIs. EQ2s allow CDBs to build capital and leverage additional debt capital to increase their lending capacity. EQ2 investments are different due to attributes of debt and equity. The bank provides an unsecured line of credit that provides funding well below market costs that can increase the CDB's debt capacity and provide additional protection for the CDFI against losses. This investment instrument is provided to the CDB at the federal funds advance rates with the expectation of repayment within 30 days. This offers the CDB short term liquidity to fund their mission, which focuses on originating loans to low- and moderate-income families and areas. This innovative investment provides a complex way to provide critical funding to CDFIs.

Performance in this criterion is consistent throughout assessment areas in each rated state or multi-state MSA and related assessment areas. Therefore, the Investment Test conclusions with regard to innovativeness and complexity for each rated area or full-scope review assessment area omits further discussion of this performance criterion.

SERVICE TEST

The overall Service Test rating for this institution is High Satisfactory. South State Bank's delivery systems are accessible to essentially all portions of the institution's assessment areas, and the opening and closing of branches throughout the assessment areas has not adversely

affected the accessibility of its delivery systems. Services and business hours do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies or individuals, and alternative delivery systems enhance the availability of financial services. In addition, South State Bank provides a relatively high level of community development services within the majority of its assessment areas.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the institution's assessment areas. The bank has an extensive branch network, and in most assessment areas, the distribution of branches is similar to the demographics of the assessment area, especially the percent of owner-occupied housing. The following table details the branch and ATM distribution by geography for the entire bank showing that delivery systems are accessible to essentially all portions of the bank's assessment areas.

Branch and ATM Distribution by Geography Income Level									
Tract Income Level	Census Tracts		Population		Owner Occupied	Branches		ATMs	
	#	%	#	%	%	#	%	#	%
Low	178	8.1	616,063	6.3	2.8	3	2.0	4	2.1
Moderate	511	23.2	2,145,845	21.9	18.0	30	19.6	44	23.3
Middle	821	37.3	3,891,650	39.6	42.4	60	39.2	71	37.6
Upper	652	29.7	3,116,093	31.7	36.8	60	39.2	70	37.0
NA	37	1.7	47,501	0.5	0.0	0	0.0	0	0.0
Total	2,199	100.0	9,817,152	100.0	100.0	153	100.0	189	100.0
<i>Source: 2015 American Community Survey (ACS Census) Data & Bank Records</i>									

Changes in Branch Locations

To the extent changes have been made, the institution's record of opening and closing branches has not adversely affected the accessibility of its delivery systems particularly in low- and moderate-income geographies or to low- and moderate-income individuals. During the evaluation period, the bank opened one, acquired 65, and closed 25 branches, primarily through mergers and acquisitions. Of the 66 branches opened or acquired, 21 or 31.8 percent were located in low- and moderate-income census tracts. Additionally, four branches are located in middle-income census tracts that are designated as distressed due to high poverty rates or high unemployment rates. This further supports the reasonableness of the bank providing service accessibility to low- and moderate-income individuals. Of the 25 branch closings, ten, or 40.0 percent, were located in either a low- or moderate-income census tract. The majority of the branch closures were acquired branches that were located in close proximity to existing South State Bank branch offices, thus not impacting accessibility to banking services.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and individuals. South

State Bank offers a full range of consumer and commercial loan and deposit products, including affordable home mortgage programs, government-sponsored loan programs for home mortgage borrowers and small businesses, affordable deposit products for small businesses, and low-cost deposit products for consumers. With 153 full-service branches, there are some minor differences in the hours of operation, but no material differences in the hours or services. Business hours are generally 9:00 a.m. to 5:00 p.m., Monday through Thursday, and 9:00 a.m. to 5:30 p.m. on Friday, with 26.1 percent of the locations open on Saturday. In addition, a majority of locations have extended drive-through hours on different days of the week.

South State Bank offers several different delivery systems for its customers. In addition to the extensive branch network, the bank provides a network of 189 ATMs (including 22 remote ATMs), online banking and bill pay, mobile banking (text alerts, mobile web and mobile app), and a toll-free telephone banking call center. Further, 116 ATMs, or 61.4 percent, accept deposits. Online services are offered 24-hours a day, allowing customers to check account balances, transfer money between accounts and to other customers, make loan payments, and pay bills, all at no cost.

The bank offers deposit services including checking, savings, money market, and certificates of deposit accounts. Programs developed by the bank to help customers save money for unexpected expenses include Round Up to Save, Rx Savings Program, and Health Savings Account. In addition to the bank's standard loan programs, the bank offers FHA, VA, and USDA mortgage products to assist homebuyers in various ways.

Each branch offers the same products and services. Therefore, the Service Test conclusions for each rated area or full-scope review assessment area omit further discussion of this performance criterion.

Community Development Services

South State Bank provides a relatively high level of community development services within its assessment areas. During this evaluation period, examiners noted that the bank provided 1,176 qualifying service activities that meet the definition of a community development service. Given the time period covered by this evaluation, the total services provided equate to approximately 2.6 community development services per branch per year. Bank management and employees provided financial services to low- and moderate-income individuals and small businesses. Most of the community development service activities involved memberships on the Boards of community development organizations, and financial literacy sessions targeted to schoolchildren from elementary through high school. Employees use their financial and business experience to further various organizations' goals and community assistance. The mission of these organizations include affordable housing, economic development and revitalization, financial literacy, and basic needs for low- and moderate-income individuals and areas.

One noteworthy activity to highlight in this section is the Hurricane Florence Foreign ATM Fee Refund Program. In the aftermath of the storm, South State Bank developed a program to provide assistance to customers by refunding any fees incurred using a foreign ATM when

unable to access a South State Bank ATM due to the storm. Through this program, the bank refunded 27,966 transactions totaling \$77,719 to customers affected by the hurricane.

Refer to the discussions of Community Development Services within each assessment area analysis for additional details and examples.

Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
South Carolina	128	358	62	0	548
Georgia	17	160	112	0	289
North Carolina	11	84	7	0	102
Virginia	4	8	10	0	22
Charlotte-Concord MMSA	32	53	11	0	96
Augusta-Richmond MMSA	2	61	36	0	99
Myrtle Beach-Conway	1	13	6	0	20
Total	195	737	244	0	1,176
<i>Source: Bank Records</i>					

Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
11/1/2016 -12/31/2016	3	24	6	0	33
2017	58	199	78	0	335
2018	78	268	90	0	436
YTD 2019	56	246	70	0	372
Total	195	737	244	0	1,176
<i>Source: Bank Records</i>					

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's CRA rating.

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

SCOPE OF EVALUATION

The evaluation of the South Carolina performance considered South State Bank's operations in the Charleston MSA, Columbia MSA, Florence MSA, Greenville MSA, Hilton Head MSA, SC Non-MSA, Spartanburg MSA, and Sumter MSA assessment areas. Examiners conducted full-scope reviews of performance in the Charleston MSA, Columbia MSA, Florence MSA, and SC Non-MSA assessment areas. A majority of the bank's loans (57.5 percent), deposits (68.3 percent), and branches (66.7 percent) in South Carolina are concentrated in these assessment areas. A limited scope review was conducted for the remaining MSA assessment areas within the state-wide assessment area. Examiners reviewed home mortgage and small business loans in all assessment areas.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SOUTH CAROLINA

The bank operates 78 or 51.0 percent of branches in South Carolina. South State Bank ranks fourth in the state in deposit share at 8.6 percent. South Carolina accounts for 51.8 percent of the bank-wide deposits and 54.1 percent of loans. Competitor institutions in the South Carolina assessment areas include Wells Fargo Bank, National Association (N.A.); Bank of America, N.A.; Branch Banking and Trust Company; and First-Citizens Bank & Trust Company. Together, the four competitor institutions account for 54.5 percent of the deposit market share.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SOUTH CAROLINA

LENDING TEST

The Lending Test rating for South Carolina is High Satisfactory. The bank's lending levels reflect good responsiveness to the South Carolina assessment areas' credit needs. The geographic distribution of loans reflects adequate penetration throughout the assessment areas. The borrower profile reflects adequate penetration among retail customers of different income levels and business customers of different sizes. In addition, the bank uses flexible lending practices and originated a relatively high level of community development loans. The performance in assessment areas that received limited-scope reviews was largely consistent with the bank's lending performance in the state and contributed to the overall rating.

Lending Activity

Lending levels reflect good responsiveness to the assessment areas' credit needs. The tables in Appendix D detail the number and dollar volume of HMDA and CRA loans in 2017 for each

South Carolina assessment area.

Geographic Distribution

The overall geographic distribution of loans reflects adequate penetration throughout the assessment areas.

The geographic distribution of HMDA loans reflects adequate penetration throughout the assessment areas. Adequate performance in full-scope Charleston MSA, Columbia MSA, and SC Non-MSA assessment areas and good performance in full-scope Florence MSA assessment area primarily support this conclusion.

The geographic distribution of small business loans reflects good penetration throughout the assessment areas. Good performance in full-scope Charleston MSA, Florence MSA, and SC Non-MSA assessment areas and adequate performance in full-scope Columbia MSA assessment area primarily support this conclusion.

Borrower Profile

The overall distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes.

The distribution of borrowers, with regard to HMDA loans, reflects adequate penetration among retail customers of different income levels. Good performance in full-scope Florence MSA and SC Non-MSA assessment areas and adequate performance in full-scope Charleston MSA and Columbia MSA assessment areas primarily support this conclusion. Limited-scope assessment area performance contributed to the overall adequate analysis.

The distribution of borrowers, with regard to small business loans, reflects adequate penetration among business customers of different sizes. Adequate performance in full-scope Charleston MSA, Columbia MSA, and SC Non-MSA assessment areas and good performance in full-scope Florence MSA assessment area primarily supports this conclusion.

Community Development Lending

South State Bank originated a relatively high level of community development loans in South Carolina. During this evaluation period, the bank originated 154 community development loans totaling \$303.6 million. This represents 57.9 percent by number and 59.2 percent by dollar volume of total bank-wide community development loans. This level of community development lending, by number and dollar, in South Carolina is slightly above the bank-wide lending levels in the state at 54.1 percent. In addition, the bank originated 15 loans totaling \$22.5 million outside the bank's assessment areas, but within the broader statewide area. Since the bank has been responsive to its assessment area community development needs, examiners gave these loans consideration. The analysis for each full-scope South Carolina assessment area includes a detailed discussion of community development loans.

INVESTMENT TEST

The Investment Test performance is rated Low Satisfactory in South Carolina. The bank has an adequate level of qualified community development investments and donations of \$48.0 million in South Carolina, and exhibits adequate responsiveness to credit and community economic development needs. This represents 41.0 percent of total bank-wide qualified community development investments. The total included federal LIHTCs of \$12.6 million, MBSs totaling \$3.0 million, two EQ2s totaling \$1.3 million, two CDFI CDs totaling \$1.2 million, and 459 donations totaling \$1.5 million. In particular, the bank's equity investments in the EQ2s reflected a leadership position and were innovative. Additionally, prior period investments totaled \$28.4 million for affordable housing, economic development, and revitalizing and stabilizing geographies and individuals. Excluding prior period investments, federal LIHTCs supporting affordable housing represented the highest percentage of total investments at 64.5 percent. In the most predominant assessment area of SC Non-MSA, the bank's investments totaled \$19.7 million, or 40.9 percent of total South Carolina investments. The performance in the limited-scope assessment areas varied; however, it did not change the overall state rating.

SERVICE TEST

The Service Test rating for South Carolina is High Satisfactory. The bank operates 78 branches in South Carolina, which represents 51.0 percent of all branches. The delivery systems overall are accessible to essentially all portions of the assessment areas, and the opening and closing of branches has not adversely affected the accessibility of its delivery systems. The bank provides a relatively high level of community development services. The bank provided 548 community development services in South Carolina, which represented 46.6 percent of the bank's activities and equates to approximately 2.3 community development services per branch, per year, in the state. The performance in the limited-scope assessment areas was consistent with, or below, the bank's service performance. However, it did not change the overall state rating.

METROPOLITAN AREAS (Full-Scope)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CHARLESTON MSA ASSESSMENT AREA

The Charleston MSA assessment area is comprised of the entire Charleston-North Charleston, SC MSA, which consists of Berkeley, Charleston, and Dorchester Counties. The bank operates 22 or 28.2 percent of its South Carolina branches in the Charleston MSA assessment area. The assessment area represents 31.3 percent of the rated area loans and 30.5 percent of the rated area deposits in South Carolina.

The 2015 ACS Census data showed the highest volume of owner-occupied housing units and businesses were in middle- and upper-income census tracts. The following table presents demographic information from the 2015 ACS Census and 2018 Dun and Bradstreet (D&B) data.

Demographic Information of the Assessment Area						
Assessment Area: Charleston MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	156	9.0	22.4	37.8	28.2	2.6
Population by Geography	712,232	6.7	21.4	41.9	29.2	0.8
Housing Units by Geography	309,113	6.7	21.2	40.2	31.1	0.8
Owner-Occupied Units by Geography	173,999	3.3	19.1	42.4	34.9	0.3
Occupied Rental Units by Geography	94,905	12.5	24.4	40.5	21.3	1.4
Vacant Units by Geography	40,209	8.1	22.9	29.9	37.5	1.7
Businesses by Geography	47,597	7.6	19.4	34.0	37.3	1.6
Farms by Geography	1,151	3.1	19.8	45.5	31.1	0.4
Family Distribution by Income Level	173,525	22.6	16.7	19.9	40.8	0.0
Household Distribution by Income Level	268,904	24.5	15.7	17.6	42.2	0.0
Median Family Income MSA - 16700 Charleston-North Charleston, SC MSA		\$65,558	Median Housing Value			\$241,873
			Median Gross Rent			\$1,021
			Families Below Poverty Level			11.4%
Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The assessment area is highly competitive in the financial services market. As of June 30, 2019, 33 FDIC-insured institutions operated 189 branches within this area. Of these institutions, the bank ranked third in total deposits with a market share of 12.8 percent. The top five financial institutions accounted for 64.7 percent of the deposit market share.

Employment Conditions

According to the Bureau of Labor Statistics, unemployment rates have declined. The following table reflects the average annual unemployment rates and trends for the assessment area counties, the state, and the nation. The average unemployment rates were below the state and national averages for all counties in the assessment area for all years under review.

Unemployment Rates			
Area	2017	2018	July 2019
	%	%	%
Berkeley County	3.8	3.0	2.9
Charleston County	3.5	2.8	2.7
Dorchester County	3.9	3.0	2.8
South Carolina	4.3	3.4	3.4
National Average	4.4	3.9	3.7
<i>Source: Bureau of Labor Statistics</i>			

According to Moody's Analytics, the top industries are government, professional and business services, and leisure and hospitality services. The top employers are Joint Base Charleston, Medical University of South Carolina, and Boeing Co.

Credit and Community Development Needs and Opportunities

Considering demographic and economic data, examiners determined that small business loans represent a primary credit need for the assessment area. The significant percentage of businesses with gross annual revenues of \$1 million or less at 83 percent and the large number of businesses with four or fewer employees at 62.5 percent support this conclusion. Additionally, affordable housing represents a need as 39.3 percent of families and 40.2 percent of households are low- and moderate-income.

CONCLUSIONS ON PERFORMANCE CRITERIA IN CHARLESTON MSA ASSESSMENT AREA

LENDING TEST

South State Bank's Lending Test performance in the Charleston MSA assessment area reflects good responsiveness to the assessment area's credit needs. The geographic distribution of loans reflects adequate penetration throughout the assessment area and the borrower profile reflects adequate penetration to retail customers of different income levels and business customers of different sizes. In addition, the bank uses flexible lending practices and originated a relatively high level of community development loans.

Lending Activity

Lending levels reflect good responsiveness to the assessment area's credit needs. The core tables in Appendix D detail the number and dollar volume of HMDA and CRA loans in the Charleston MSA assessment area.

Geographic Distribution

The overall geographic distribution of HMDA and small business loans is adequate.

The geographic distribution of HMDA loans reflects adequate penetration throughout the assessment area. The bank's lending performance in low-income census tracts was slightly

below demographic data and slightly above aggregate lending data, but comparable to both comparatives. Lending in moderate-income census tracts was below demographic and slightly below but comparable to aggregate lending data.

The geographic distribution of small business loans reflects good penetration throughout the assessment area. Small business lending in low- and moderate-income census tracts was above both the demographic and aggregate lending data.

Borrower Profile

The overall distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes.

The distribution of borrowers, with regard to HMDA loans, reflects adequate penetration among retail customers of different income levels. Lending performance to low-income borrowers was below the percent of low-income families when families below the poverty level are considered, but above aggregate lending data. Lending to moderate-income borrowers was consistent with demographic data and slightly below but comparable to aggregate lending data.

The distribution of borrowers, with regard to small business loans, reflects adequate penetration among businesses of different sizes. The bank originated 43.3 percent of small business loans to businesses with gross annual revenues of \$1 million or less. This performance was below demographic data and slightly below, but generally comparable, to aggregate lending data.

Community Development Lending

South State Bank made a relatively high level of community development loans in the Charleston MSA assessment area. The bank originated 19 community development loans totaling \$77.1 million. This amount represented 12.3 percent by number and 25.4 percent by dollar volume, of total community development loans in South Carolina. Regarding the community development purpose, one loan supported affordable housing, six loans supported community services, three loans supported economic development, and nine loans supported revitalization or stabilization. Examples of community development loans included a \$225,000 loan through the Community Investment Corporation of the Carolinas (CICCAR). CICCAR is a lending consortium that provides long-term, low-cost multi-family financing geared toward low- and moderate-income families in various states. This loan assisted with funding a 42-unit low-income housing project. A \$10.7 million community development loan was extended to construct a national chain hotel in a moderate-income census tract that received the approval of city officials to support revitalization or stabilization activities.

INVESTMENT TEST

The bank has a poor level of qualified investments in the Charleston MSA assessment area relative to the bank's operations, exhibiting poor responsiveness to credit and community economic development needs. Qualified investments totaled \$2.8 million, or 5.7 percent of total South Carolina qualified community development investments. This total included a new EQ2 for \$750,000, prior period investments of \$1.6 million, and 117 donations totaling \$423,000. Of

the donations, \$54,000 benefitted affordable housing, \$172,000 benefitted community services, \$196,000 benefitted economic development, and \$1,000 benefitted revitalization or stabilization.

SERVICE TEST

The delivery systems in the Charleston MSA assessment area are accessible to essentially all portions of the assessment area and the opening and closing of branches has not adversely affected the accessibility of its delivery system. The bank is a leader in providing community development services.

Accessibility of Delivery Systems

Bank delivery systems are accessible to essentially all portions of the assessment area. The bank operates 22 branches in the assessment area, four in moderate-, eleven in middle-, and seven in upper-income census tracts, representing 28.2 percent of the bank's branches in South Carolina. The branching distribution is comparable to the low- and moderate-income percentage of the population in the respective geographies.

Changes in Branch Locations

To the extent changes have been made, the opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. Since the last evaluation, the bank has acquired one branch in an upper-income geography and closed one branch located in an upper-income geography.

Community Development Services

South State Bank is a leader in providing community development services in this assessment area. Bank records show that employees participated in 200 community development services with various organizations since the last performance evaluation. This performance represents 36.5 percent of all community development service activities in the state, which is above the assessment area's share of branches at 28.2 percent, and equates to approximately 3.0 community development services per branch per year. The following are examples of community development services provided in this assessment area.

- An employee served as the treasurer for a non-profit organization that provides homeownership opportunities for low- and moderate-income families.
- An employee served on the board of a non-profit organization whose purpose is to protect inheritor property, promote its sustainable use, and provide increased economic benefits to historically underserved families.

METROPOLITAN AREAS (Full-Scope)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN COLUMBIA MSA ASSESSMENT AREA

The Columbia, SC MSA has six counties within its boundaries. The Columbia MSA assessment area consists of the following four counties: Fairfield, Lexington, Richland, and Saluda. The bank did not delineate Calhoun or Kershaw Counties as part of its assessment area. The bank operates nine or 11.5 percent of its South Carolina branches in this assessment area. The assessment area represents 12.9 percent of the rated area loans and 10.2 percent of the rated area deposits.

The 2015 ACS Census data showed that owner-occupied housing units and businesses were relatively equally distributed among moderate-, middle-, and upper-income census tracts. The following table presents demographic information from the 2015 ACS Census and 2018 D&B data.

Demographic Information of the Assessment Area						
Assessment Area: Columbia SC						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	173	9.2	27.2	30.1	30.6	2.9
Population by Geography	714,850	6.5	25.5	31.5	34.1	2.5
Housing Units by Geography	304,046	7.3	27.0	32.0	33.7	0.1
Owner-Occupied Units by Geography	176,059	3.1	22.4	33.3	41.1	0.0
Occupied Rental Units by Geography	91,696	14.2	33.2	30.4	22.2	0.0
Vacant Units by Geography	36,291	9.8	33.6	29.5	26.4	0.7
Businesses by Geography	41,225	10.2	22.2	30.6	36.3	0.7
Farms by Geography	1,138	2.3	23.9	37.3	36.5	0.0
Family Distribution by Income Level	171,901	22.8	16.2	19.2	41.8	0.0
Household Distribution by Income Level	267,755	23.8	16.1	18.0	42.1	0.0
Median Family Income MSA - 17900 Columbia, SC MSA		\$62,665	Median Housing Value			\$151,340
			Median Gross Rent			\$867
			Families Below Poverty Level			11.9%
Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The assessment area is highly competitive in the financial services market. As of June 30, 2019, 22 FDIC-insured institutions operated 154 branches within the area. Of these institutions, the bank ranked seventh in total deposits with a market share of 3.3 percent. The top five financial institutions accounted for 81.7 percent of the deposit market share.

Employment Conditions

According to the Bureau of Labor Statistics, unemployment rates have declined. The following table reflects the average unemployment rates and trends for the assessment area, state, and the nation. Most counties have unemployment rates consistent with or below both the state and national average rates. However, Fairfield County's annual unemployment rates were consistently higher than the national, state, and other county averages.

Unemployment Rates			
Area	2017	2018	July 2019
	%	%	%
Fairfield County	7.4	6.2	4.8
Lexington County	3.6	2.9	2.7
Richland County	4.3	3.4	3.2
Saluda County	3.9	3.1	3.0
South Carolina	4.3	3.4	3.4
National Average	4.4	3.9	3.7
<i>Source: Bureau of Labor Statistics</i>			

According to Moody's Analytics, the top industries are government, professional and business services, and education and health services. The top employers are Palmetto Health, Blue Cross & Blue Shield of South Carolina, University of South Carolina, Lexington Medical Center, and Wal-Mart Services Inc.

Credit and Community Development Needs and Opportunities

Considering demographic and economic data, examiners determined that small business loans represent a primary credit need for the assessment area. The significant percentage of businesses with gross annual revenues of \$1 million or less at 80.4 percent and the large number of businesses with four or fewer employees at 62.7 percent support this conclusion. Additionally, affordable housing represents a need as 37.0 percent of the families and 38.0 percent of households are low- and moderate-income.

CONCLUSIONS ON PERFORMANCE CRITERIA IN COLUMBIA MSA ASSESSMENT AREA

LENDING TEST

South State Bank's Lending Test performance in the Columbia MSA assessment area reflects good responsiveness to the assessment area's credit needs. The geographic distribution of loans reflects adequate penetration throughout the assessment area, and borrower profile reflects

adequate penetration to retail customers of different income levels and business customers of different sizes. In addition, the bank uses flexible lending practices and originated a relatively high level of community development loans.

Lending Activity

Lending levels reflect good responsiveness to the assessment area's credit needs. The core tables in Appendix D detail the number and dollar volume of HMDA and CRA loans in the Columbia MSA assessment area.

Geographic Distribution

The overall geographic distribution of HMDA and small business loans is adequate.

The geographic distribution of HMDA loans reflects adequate penetration throughout the assessment area. In 2017, the bank did not lend in low-income census tracts. This was comparable to aggregate lending performance of 1.6 percent and demographic data at 3.3 percent (evidencing limited home lending opportunities). Lending in moderate-income geographies was below demographic data but equivalent to aggregate lending performance. The bank's lending performance improved in 2018, but remained below the demographic data.

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. In 2017, lending performance in low-income census tracts was above demographic and aggregate lending data. Lending in moderate-income census tracts was below demographic and aggregate lending data. Lending performance slightly decreased in 2018 in both low- and moderate-income census tracts and was below demographic data.

Borrower Profile

The overall distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes.

The distribution of borrowers, with regard to HMDA loans, reflects adequate penetration among retail customers of different income levels. Lending performance to low-income borrowers was below the percent of low-income families, when families below the poverty level are considered, but consistent with aggregate lending data. Lending to moderate-income borrowers was below demographic and aggregate lending data.

The distribution of borrowers, with regard to small business loans, reflects adequate penetration among businesses of different sizes. The bank originated 33.8 percent of small business loans to businesses with gross annual revenues of \$1 million or less. This performance was below demographic and aggregate lending data, but not unreasonable.

Community Development Lending

South State Bank made a relatively high level of community development loans in the Columbia MSA assessment area. The bank originated 17 community development loans totaling \$23.8 million. This amount represents 11.0 percent by number and 7.8 percent by dollar volume, of total community development loans in South Carolina. Regarding the community development

purpose, five loans supported affordable housing, five loans supported community services, four loans supported economic development, and three loans supported revitalization or stabilization. Examples of community development loans included a \$5.6 million loan to build a 42-unit apartment development that provided affordable housing in a moderate-income census tract, and a \$4.0 million loan to an organization that provided financial services and funding to small businesses to promote job creation and economic development in the assessment area with a focus on low- and moderate-income areas.

INVESTMENT TEST

The bank had a significant level of qualified investments in the Columbia MSA assessment area relative to the bank's operations, and exhibited good responsiveness to credit and community economic development needs. Qualified investments totaled \$7.5 million or 15.4 percent of total South Carolina qualified community development investments. This total included new federal LIHTCs totaling \$3.9 million, new CDFIs totaling \$1.0 million, prior period investments of \$2.2 million, and 98 donations totaling \$383,000. Of the donations, \$27,000 benefitted affordable housing, \$317,000 benefitted community services, \$34,000 benefitted economic development, and \$5,000 benefitted revitalization or stabilization.

SERVICE TEST

The delivery systems in the Columbia MSA assessment area are readily accessible to all portions of the assessment area and the opening and closing of branches has improved the accessibility of delivery systems. The bank is a leader in providing community development services in this assessment area.

Accessibility of Delivery Systems

Bank delivery systems are readily accessible to all portions of the assessment area. The bank operates nine branches in the assessment area, one in low-, two in moderate-, two in middle-, and four in upper-income census tracts, representing 11.5 percent of the bank's branches in South Carolina. The branching distribution is above the low- and moderate-income percentage of the population in the respective geographies.

Changes in Branch Locations

To the extent changes have been made, the opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. Since the last evaluation, the bank acquired two branches, one in a low-income geography and one in a moderate-income geography.

Community Development Services

South State Bank is a leader in providing community development services in this assessment area. Bank records show that employees participated in 80 community development services with various organizations since the last performance evaluation. This performance represents

14.6 percent of all community development service activities in the state, which is comparable to the assessment area's share of branches at 11.5 percent. Community development services equate to approximately 3.0 services per branch per year. The following are examples of community development services provided in this assessment area.

- An employee served on the board of an organization that provides food, shelter, and support services to the homeless as well as to low-and moderate-income families.
- Several employees provided financial literacy sessions to schools throughout the assessment area where the majority of the students come from low- and moderate-income families.

METROPOLITAN AREAS

(Full-Scope)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN FLORENCE MSA ASSESSMENT AREA

The Florence MSA assessment area is comprised of the entire Florence, SC MSA, which consists of Darlington and Florence Counties. The bank operates five or 6.4 percent of its South Carolina branches in this assessment area. The assessment area contains 2.1 percent of the rated area loans and 6.2 percent of the rated area deposits.

The 2015 ACS Census data showed that the largest percentage of owner-occupied housing units and businesses were located in middle-income census tracts. The following table presents demographic information from the 2015 ACS Census and 2018 D&B data.

Demographic Information of the Assessment Area						
Assessment Area: Florence MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	49	4.1	22.4	46.9	24.5	2.0
Population by Geography	206,252	2.9	20.3	49.3	27.5	0.0
Housing Units by Geography	89,255	3.3	21.0	48.1	27.6	0.0
Owner-Occupied Units by Geography	52,231	1.3	16.5	51.9	30.3	0.0
Occupied Rental Units by Geography	26,033	5.9	27.1	41.7	25.3	0.0
Vacant Units by Geography	10,991	6.3	27.9	45.6	20.2	0.0
Businesses by Geography	10,170	3.9	24.9	40.3	30.8	0.1
Farms by Geography	370	0.3	14.9	57.8	27.0	0.0
Family Distribution by Income Level	53,667	23.5	16.2	19.9	40.4	0.0
Household Distribution by Income Level	78,264	25.8	15.6	16.4	42.2	0.0
Median Family Income MSA - 22500 Florence, SC MSA		\$50,944	Median Housing Value			\$108,979
			Median Gross Rent			\$646
			Families Below Poverty Level			16.4%
Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The assessment area is moderately competitive in the financial services market. As of June 30, 2019, 15 FDIC-insured institutions operated 53 branches within this area. Of these institutions, the bank ranked third in total deposits with a market share of 12.9 percent. The top five financial institutions accounted for 66.6 percent of the deposit market share.

Employment Conditions

According to the Bureau of Labor Statistics, unemployment rates have declined. The following table reflects the average unemployment rates and trends for the assessment area, state, and the nation. Darlington County's annual unemployment rates were consistently higher than the state, national, and other county rates.

Unemployment Rates			
Area	2017	2018	July 2019
	%	%	%
Darlington County	5.3	4.1	4.0
Florence County	4.5	3.7	3.4
South Carolina	4.3	3.4	3.4
National Average	4.4	3.9	3.7
Source: Bureau of Labor Statistics			

According to Moody's Analytics, the top industries are government, education and health services, and retail trade. The top employers are McLeod Regional Medical Center, Carolinas Hospital System, and Assurant Specialty Property.

Credit and Community Development Needs and Opportunities

Considering demographic and economic data, examiners determined small business loans represent a primary credit need for the assessment area. The significant percentage of businesses with gross annual revenues of \$1 million or less at 78.9 percent and the large number of businesses with four or fewer employees at 61 percent support this conclusion. Additionally, affordable housing represents a need as 39.7 percent of the families and 41.4 percent of the households are low- or moderate-income.

CONCLUSIONS ON PERFORMANCE CRITERIA IN FLORENCE MSA ASSESSMENT AREA

LENDING TEST

South State Bank's Lending Test performance in the Florence MSA assessment area reflects good responsiveness to the assessment area's credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area, and borrowers' profile reflects good penetration to retail customers of different income levels and business customers of different sizes. In addition, the bank uses flexible lending practices and is a leader in making community development loans.

Lending Activity

Lending levels reflect good responsiveness to the assessment area's credit needs. The core tables in Appendix D detail the number and dollar volume of HMDA and CRA loans in the Florence MSA assessment area.

Geographic Distribution

The overall geographic distribution of HMDA and small business loans is good.

The geographic distribution of HMDA loans reflects good penetration throughout the assessment area. The bank did not have any lending in low-income census tracts; however, this was comparable to demographic and aggregate lending data which showed minimal housing and

lending, respectively, in this category. Lending performance in moderate-income census tracts was below the demographic data; however, significantly above aggregate lending data.

The geographic distribution of small business loans reflects good penetration throughout the assessment area. Lending in low-income census tracts was above demographic and aggregate lending data. Lending in moderate-income census tracts was below the demographic data but slightly higher than aggregate lending performance. Lending performance in moderate-income census tracts was significantly above demographic data in 2018.

Borrower Profile

The overall distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different sizes.

The distribution of borrowers, with regard to HMDA loans, reflects good penetration among retail customers of different income levels. Lending performance to low-income borrowers was slightly below the percent of low-income families when families below the poverty level are considered, but slightly above aggregate lending data. Lending to moderate-income borrowers was well above both demographic and aggregate lending data.

The distribution of borrowers, with regard to small business loans, reflects good penetration among business customers of different sizes. The bank originated 46.3 percent of small business loans to businesses with gross annual revenues of \$1 million or less. This performance was below demographic data, though slightly above aggregate lending data. Lending performance significantly increased in 2018 to 60.3 percent, though remained below demographic data of 78.9 percent.

Community Development Lending

South State Bank is a leader in making community development loans in the Florence MSA assessment area. The bank originated 16 community development loans totaling \$22.5 million. This amount represented 10.4 percent by number and 7.4 percent by dollar volume of total community development loans in South Carolina. Regarding the community development purpose, two loans supported affordable housing, two loans supported community services, and 12 loans supported revitalization or stabilization. Examples of community development loans included a \$6.8 million loan to build a 49-unit LIHTC affordable housing development for seniors, and a \$2.5 million municipal loan to fund capital expenditures in a FEMA designated major disaster area.

INVESTMENT TEST

The bank has a significant level of qualified investments in the Florence MSA assessment area relative to the bank's operations, and exhibits good responsiveness to credit and community economic development needs. Qualified investments totaled \$7.8 million or 16.3 percent of total South Carolina qualified community development investments. This total included a new federal LIHTC totaling \$3.0 million, prior period investments of \$4.8 million, and 18 donations totaling

\$21,000. Of the donations, \$2,000 benefitted affordable housing, \$15,000 benefitted community services, and \$4,000 benefitted economic development.

SERVICE TEST

The delivery systems in the Florence MSA assessment area are readily accessible to all portions of the assessment area and the opening and closing of branches has not adversely affected the accessibility of its delivery systems. The bank provides an adequate level of community development services.

Accessibility of Delivery Systems

Bank delivery systems are readily accessible to all portions of the assessment area. The bank operates five branches in the assessment area, three in moderate-, and one each in middle- and upper-income census tracts, representing 6.4 percent of the bank's branches in South Carolina. The branching distribution is significantly above the low- and moderate-income percentage of the population in the respective geographies.

Changes in Branch Locations

To the extent changes have been made, the opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. Since the last evaluation, the bank has not opened or acquired any branches. However, the bank closed one branch located in a middle-income geography.

Community Development Services

South State Bank provided an adequate level of community development services in this assessment area. Bank records show that employees participated in 16 community development services with various organizations since the last performance evaluation. This performance represented 2.9 percent of all community development service activities in the state, which was below the assessment area's share of branches at 6.4 percent. Community development services equated to approximately 1.1 services per branch per year. The following are examples of community development services provided in this assessment area.

- An employee served on the board of a downtown revitalization group that is working toward preserving the community and attracting and retaining entrepreneurs.
- An employee provided financial literacy training sessions to a school where the majority of the students are from low- and moderate-income families.

NONMETROPOLITAN STATEWIDE AREA (Full-Scope)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SC NON-MSA ASSESSMENT AREA

The SC Non-MSA assessment area consists of Abbeville, Bamberg, Colleton, Georgetown, Greenwood, Newberry, Oconee, and Orangeburg Counties. The bank operates 16, or 20.5 percent, of the South Carolina branches in the SC Non-MSA assessment area. The assessment area contains 11.2 percent of the rated area loans and 21.4 percent of the rated area deposits.

The 2015 ACS Census shows the majority of owner-occupied housing units and businesses were located in middle-income census tracts. The FFIEC designated certain non-metropolitan middle-income census tracts as distressed based on high unemployment rates, high poverty rates, and significant population losses. In addition, the FFIEC designated certain middle-income census tracts in rural areas as underserved because those communities have difficulty meeting essential community needs. In 2017, the FFIEC designated 40 of the 53 middle-income census tracts in the SC Non-MSA assessment area as distressed and/or underserved. The following table presents demographic information from the 2015 ACS Census and 2018 D&B data.

Demographic Information of the Assessment Area						
Assessment Area: SC Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	92	1.1	9.8	57.6	29.3	2.2
Population by Geography	411,990	1.2	11.0	58.6	29.2	0.0
Housing Units by Geography	203,647	1.3	9.6	56.4	32.7	0.0
Owner-Occupied Units by Geography	114,629	0.5	8.3	58.9	32.4	0.0
Occupied Rental Units by Geography	44,167	3.0	15.6	55.9	25.5	0.0
Vacant Units by Geography	44,851	1.6	7.3	50.4	40.7	0.0
Businesses by Geography	20,552	0.9	9.5	51.5	38.1	0.0
Farms by Geography	958	0.1	7.4	65.8	26.7	0.0
Family Distribution by Income Level	106,101	20.2	16.8	17.8	45.2	0.0
Household Distribution by Income Level	158,796	22.8	15.2	16.7	45.3	0.0
Median Family Income Non-MSAs - SC		\$44,547	Median Housing Value			\$130,040
			Median Gross Rent			\$667
			Families Below Poverty Level			16.6%
Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The assessment area is highly competitive in the financial services market. As of June 30, 2019, 30 FDIC-insured institutions operated 116 branches within this area. Of these institutions, the bank ranked first in total deposits with a market share of 19.5 percent. The top five institutions comprised 60.4 percent market share in this assessment area.

Employment Conditions

According to the Bureau of Labor Statistics, unemployment rates have consistently decreased in all of the counties. However, most of the counties have higher unemployment rates than both the state and national average. The following table reflects average unemployment rates and trends from 2017 to 2019 for the assessment area counties, state, and nation.

Unemployment Rates			
Area	2017	2018	July 2019
	%	%	%
Abbeville County	4.6	4.0	3.8
Bamberg County	7.5	6.5	6.5
Colleton County	4.8	4.0	3.6
Georgetown County	5.6	4.5	3.8
Greenwood County	4.5	3.6	3.6
Newberry County	4.2	3.1	3.2
Oconee County	4.4	3.3	3.3
Orangeburg County	7.2	5.8	5.3
South Carolina	4.3	3.4	3.4
National Average	4.4	3.9	3.7
<i>Source: Bureau of Labor Statistics</i>			

According to 2018 D&B data, the top industries were services and retail trade. The top employers could not be identified as there is limited information available for the counties.

Credit and Community Development Needs and Opportunities

Considering demographic and economic data, examiners determined that small business loans represent a primary credit need for the assessment area. The significant percentage of businesses with gross annual revenues of \$1 million or less at 80.4 percent and the large number of businesses with four or fewer employees at 62.7 percent support this conclusion. Additionally, affordable housing represents a need as 37.0 percent of families and 38.0 percent of households are low- or moderate-income.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SC NON-MSA ASSESSMENT AREA

LENDING TEST

South State Bank's Lending Test performance in the SC Non-MSA assessment area reflects good responsiveness to the assessment area's credit needs. The geographic distribution of loans reflects adequate penetration throughout the assessment area, and borrower profile reflects good penetration to retail customers of different income levels and business customers of different sizes. In addition, the bank uses flexible lending practices and is a leader in making community development loans.

Lending Activity

Lending levels reflect good responsiveness to the assessment area's credit needs. The core tables in Appendix D detail the number and dollar volume of HMDA and CRA loans in the SC Non-MSA assessment area.

Geographic Distribution

The overall geographic distribution of HMDA and small business loans is adequate.

The geographic distribution of HMDA loans reflects adequate penetration throughout the assessment area. The bank did not have any lending in low-income census tracts; however, this was in line with demographic and aggregate lending data which showed minimal housing and lending, respectively, in this category. Lending in moderate-income census tracts was below the demographic data, but above aggregate lending data.

The geographic distribution of small business loans reflects good penetration throughout the assessment area. Lending in low-income census tracts was consistent with demographic and aggregate lending data. Lending in moderate-income census tracts was above the demographic and aggregate lending data.

Borrower Profile

The overall distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different sizes.

The distribution of borrowers, with regard to HMDA loans, reflects good penetration among borrowers of different income levels. Lending performance to low-income borrowers was consistent with the percent of low-income families, when adjusted for families below the poverty level, and above aggregate lending data. Lending to moderate-income borrowers was slightly below demographic data, but significantly above aggregate lending data.

The distribution of borrowers, with regard to small business loans, reflects adequate penetration among businesses of different sizes. The bank originated 42.2 percent of small business loans to businesses with gross annual revenues of \$1 million or less. This performance was below demographic and aggregate lending data, but comparable.

Community Development Lending

South State Bank is a leader in originating community development loans in the SC Non-MSA assessment area. The bank originated 45 community development loans totaling \$73.4 million. This amount represented 29.2 percent by number and 24.2 percent by dollar volume of total community development loans in South Carolina. Regarding the community development purpose, four loans supported affordable housing, six loans supported community services, one loan supported economic development, and 34 loans supported revitalization or stabilization. Examples of community development loans included an \$11.3 million loan to build a national chain hotel in a distressed middle-income census tract, which was part of the county's tourism expansion plans; a \$4.5 million loan to a new business in a Promise Zone that revitalized and stabilized the area by creating 57 permanent jobs within the distressed middle-income census tract; and a \$4.0 million loan to construct an industrial facility in a moderate-income census tract.

INVESTMENT TEST

The bank has a significant level of qualified investments in the SC Non-MSA assessment area relative to the bank's operations, and exhibits good responsiveness to credit and community economic development needs. Qualified investments totaled \$19.7 million or 40.9 percent of total South Carolina qualified community development investments. This total included new federal LIHTCs totaling \$5.8 million, prior period investments of \$13.7 million and 76 donations totaling \$148,000. Of the donations, \$21,000 benefitted affordable housing, \$89,000 benefitted community services, and \$38,000 benefitted economic development.

SERVICE TEST

The delivery systems in the SC Non-MSA assessment area are readily accessible to all portions of the assessment area and the opening and closing of branches has not adversely affected the accessibility of its delivery systems. The bank provides a relatively high level of community development services.

Accessibility of Delivery Systems

Bank delivery systems are readily accessible to all portions of the assessment area. The bank operates 16 branches in the assessment area, two in moderate-, six in middle-, and eight in upper-income census tracts, representing 20.5 percent of the bank's branches in South Carolina. The branching distribution is above the low- and moderate-income percentage of the population in the respective geographies. In addition, the bank operates four branches in distressed middle-income census tracts.

Changes in Branch Locations

To the extent changes have been made, the opening and closing of branches have not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. Since the last evaluation, the bank has

acquired five branches, three in middle-income and two in upper-income tracts. Two of the three aforementioned middle-income census tracts were designated as distressed due to elevated poverty rates. The bank closed two branches, both located in middle-income geographies. One of the middle-income census tracts was also designated as distressed due to elevated poverty rates.

Community Development Services

South State Bank provides a relatively high level of community development services in this assessment area. Bank records show that employees participated in 108 community development services with various organizations since the last performance evaluation. This performance represented 19.7 percent of all community development service activities in the state, which was comparable to the assessment area's share of branches at 20.5 percent. Community development services equated to approximately 2.3 services per branch per year. The following are examples of community development services provided in this assessment area.

- An employee served on the board as treasurer of a historically black college located in a distressed/underserved area of the state.
- An employee served as treasurer of an economic development organization.

OTHER SOUTH CAROLINA ASSESSMENT AREAS (Limited-Scope Review)

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED SCOPE REVIEW SOUTH CAROLINA ASSESSMENT AREAS

The following table summarizes the conclusions for the four South Carolina assessment areas reviewed using limited-scope examination procedures. Examiners drew conclusions regarding the institution's CRA performance from reviewing available facts and data, including performance figures, aggregate lending data comparisons, and demographic information. The conclusions did not alter the bank's overall performance rating.

Assessment Area	Lending Test	Investment Test	Service Test
Greenville MSA	Consistent	Exceed	Below
Hilton Head MSA	Consistent	Below	Consistent
Spartanburg MSA	Below	Consistent	Consistent
Sumter MSA	Exceed	Consistent	Below

A summary of South State Bank's operations and activities for each limited-scope assessment area follows with additional information in the core tables in Appendix D. Please note the HMDA and small business lending figures in the activity table in the "Conclusion of Performance Criteria" section for each limited-scope review area are based on the combined full year 2017 and 2018 lending data, while the figures for the community development loans, investments, and services are from November 1, 2016, to September 16, 2019.

METROPOLITAN AREAS (Limited-Scope)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN GREENVILLE MSA ASSESSMENT AREA

The Greenville MSA assessment area consists of the entire Greenville-Anderson-Mauldin, SC MSA, which includes Anderson, Greenville, Laurens, and Pickens Counties. Demographic data for the assessment area follows.

Demographic Information of the Assessment Area						
Assessment Area: Greenville MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	195	7.7	27.2	40.5	24.6	0.0
Population by Geography	852,631	5.3	23.6	41.7	29.4	0.0
Housing Units by Geography	367,026	5.7	25.0	42.0	27.3	0.0
Owner-Occupied Units by Geography	220,754	3.1	20.9	43.6	32.4	0.0
Occupied Rental Units by Geography	102,937	10.3	30.7	38.7	20.3	0.0
Vacant Units by Geography	43,335	8.3	32.2	41.4	18.1	0.0
Businesses by Geography	48,037	6.0	18.9	39.8	35.4	0.0
Farms by Geography	1,297	2.5	20.0	49.7	27.8	0.0
Family Distribution by Income Level	218,963	22.9	17.1	18.8	41.2	0.0
Household Distribution by Income Level	323,691	24.9	15.9	16.7	42.4	0.0
Median Family Income MSA - 24860 Greenville-Anderson-Mauldin, SC MSA		\$58,097	Median Housing Value			\$141,154
			Median Gross Rent			\$744
			Families Below Poverty Level			12.3%
Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The bank operates in a highly competitive market. According to the FDIC Deposit Market Share data as of June 30, 2019, 35 FDIC-insured institutions operated 236 branches within this area. Of these institutions, the bank ranked sixth in total deposits with a market share of 6.2 percent. The top five financial institutions accounted for 57.2 percent of the deposit market share.

CONCLUSIONS ON PERFORMANCE CRITERIA IN GREENVILLE MSA ASSESSMENT AREA

South State Bank operates 14 branches, located in two moderate-, five middle-, and seven upper-income census tracts in the assessment area. Since the last evaluation, the bank acquired nine branches and closed four. Of the closures, one was in a moderate-income census tract and three were in upper-income census tracts. The bank originated and engaged in the following activities in the assessment area during the review period.

Activity	#	\$
Small Business Loans	520	\$96.8 million
HMDA Loans	761	\$192.1 million
Community Development Loans	33	\$62.6 million
Investments (New)	-	\$3.7 million
Investments (Prior Period)	-	\$4.6 million
Donations	96	\$234 thousand
CD Services	58	--
-Totals include investments which impact multiple assessment areas.		

METROPOLITAN AREAS (Limited-Scope)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN HILTON HEAD MSA ASSESSMENT AREA

The Hilton Head MSA assessment area consists of the entire Hilton Head Island-Bluffton-Beaufort, SC MSA, which includes Beaufort and Jasper Counties. Demographic data for the assessment area follows.

Demographic Information of the Assessment Area						
Assessment Area: Hilton Head MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	46	0.0	32.6	34.8	28.3	4.3
Population by Geography	197,969	0.0	36.4	43.6	20.0	0.0
Housing Units by Geography	104,587	0.0	29.6	40.5	29.8	0.0
Owner-Occupied Units by Geography	52,635	0.0	27.1	45.1	27.8	0.0
Occupied Rental Units by Geography	22,435	0.0	42.1	43.2	14.7	0.0
Vacant Units by Geography	29,517	0.0	24.7	30.4	45.0	0.0
Businesses by Geography	13,937	0.0	25.9	48.7	25.4	0.0
Farms by Geography	418	0.0	36.8	47.1	16.0	0.0
Family Distribution by Income Level	51,146	20.1	19.5	20.0	40.4	0.0
Household Distribution by Income Level	75,070	22.3	17.5	18.3	41.9	0.0
Median Family Income MSA - 25940 Hilton Head Island-Bluffton- Beaufort, SC MSA		\$63,345	Median Housing Value			\$292,927
			Median Gross Rent			\$1,026
			Families Below Poverty Level			9.7%
Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The assessment area is moderately competitive in the financial services market. According to the FDIC Deposit Market Share data as of June 30, 2019, 20 financial institutions operated 61 full-service branches within the assessment area. Of these institutions, South State Bank ranked second with 14.6 percent deposit market share. The top five financial institutions accounted for 62.7 percent of the deposit market share.

CONCLUSIONS ON PERFORMANCE CRITERIA IN HILTON HEAD MSA ASSESSMENT AREA

South State Bank operates nine branches, located in three moderate-, four middle-, and two upper-income census tracts in the assessment area. Since the last performance evaluation, the bank did not open or close any branches in this assessment area. The bank originated and engaged in the following activities in the assessment area during the review period.

Activity	#	\$
Small Business Loans	327	\$36.7 million
HMDA Loans	425	\$129.6 million
Community Development Loans	14	\$22.2 million
Investments (New)	-	--
Investments (Prior Period)	-	--
Donations	34	\$77 thousand
CD Services	75	--
-Totals include investments which impact multiple assessment areas.		

METROPOLITAN AREAS (Limited-Scope)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SPARTANBURG MSA ASSESSMENT AREA

The Spartanburg MSA assessment area consists of the entire Spartanburg, SC MSA, which includes Spartanburg and Union Counties. Demographic data for the assessment area follows.

Demographic Information of the Assessment Area						
Assessment Area: Spartanburg MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	78	7.7	26.9	42.3	23.1	0.0
Population by Geography	319,365	4.4	23.5	44.0	28.0	0.0
Housing Units by Geography	137,980	4.8	24.4	44.4	26.4	0.0
Owner-Occupied Units by Geography	83,799	2.0	18.8	47.6	31.5	0.0
Occupied Rental Units by Geography	37,759	9.7	33.8	38.7	17.8	0.0
Vacant Units by Geography	16,422	7.5	31.6	41.1	19.8	0.0
Businesses by Geography	16,692	2.3	24.4	40.7	32.5	0.0
Farms by Geography	468	1.1	19.7	47.9	31.4	0.0
Family Distribution by Income Level	84,274	21.8	17.6	19.0	41.6	0.0
Household Distribution by Income Level	121,558	24.5	15.8	17.3	42.4	0.0
Median Family Income MSA - 43900 Spartanburg, SC MSA		\$52,792	Median Housing Value			\$117,294
			Median Gross Rent			\$688
			Families Below Poverty Level			13.9%
Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The assessment area is moderately competitive in the financial services market. According to the FDIC Deposit Market Share data as of June 30, 2019, 19 financial institutions operated 70 full-service branches within the assessment area. Of these institutions, South State Bank ranked eleventh with a 2.6 percent deposit market share. The top five financial institutions accounted for 64.4 percent of the deposit market share.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SPARTANBURG MSA ASSESSMENT AREA

South State Bank operates two branches, one each in a moderate- and upper-income census tract, in the assessment area. Since the last performance evaluation, the bank acquired three branches and closed one branch in this assessment area. The closed branch was located in a moderate-income census tract. The bank originated and engaged in the following activities in the assessment area during the review period.

Activity	#	\$
Small Business Loans	42	\$8.6 million
HMDA Loans	83	\$18.9 million
Community Development Loans	1	\$1.2 million
Investments (New)	-	--
Investments (Prior Period)	-	\$330 thousand
Donations	16	\$176 thousand
CD Services	9	--
-Totals include investments which impact multiple assessment areas.		

METROPOLITAN AREAS (Limited-Scope)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SUMTER MSA ASSESSMENT AREA

The Sumter MSA assessment area consists of Sumter County, which comprises the Sumter, SC MSA. Demographic data for the assessment area follows.

Demographic Information of the Assessment Area						
Assessment Area: Sumter MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	23	0.0	30.4	56.5	13.0	0.0
Population by Geography	107,777	0.0	22.3	62.2	15.5	0.0
Housing Units by Geography	46,698	0.0	24.3	61.4	14.3	0.0
Owner-Occupied Units by Geography	26,485	0.0	15.4	64.1	20.5	0.0
Occupied Rental Units by Geography	14,086	0.0	36.6	56.7	6.7	0.0
Vacant Units by Geography	6,127	0.0	34.2	60.7	5.1	0.0
Businesses by Geography	5,215	0.0	35.5	51.6	12.8	0.0
Farms by Geography	193	0.0	15.5	72.5	11.9	0.0
Family Distribution by Income Level	27,769	20.1	19.8	19.3	40.7	0.0
Household Distribution by Income Level	40,571	22.9	16.7	18.9	41.5	0.0
Median Family Income MSA - 44940 Sumter, SC MSA		\$49,962	Median Housing Value			\$104,250
			Median Gross Rent			\$768
			Families Below Poverty Level			13.9%
Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The assessment area is moderately competitive in the financial services market. According to the FDIC Deposit Market Share data as of June 30, 2019, seven financial institutions operated 15 full-service branches within the assessment area. Of these institutions, South State Bank ranked fifth with 5.4 percent deposit market share. The top five financial institutions accounted for 92 percent of the deposit market share.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SUMTER MSA ASSESSMENT AREA

South State Bank operates one branch located in an upper-income census tract in the assessment area. There were no branch openings or closures in this assessment area since the last performance evaluation. The bank originated and engaged in the following activities in the assessment area during the review period.

Activity	#	\$
Small Business Loans	29	\$1.8 million
HMDA Loans	16	\$1.3 million
Community Development Loans	9	\$20.9 million
Investments (New)	-	--
Investments (Prior Period)	-	\$1.2 million
Donations	4	\$7 thousand
CD Services	2	--
-Totals include investments which impact multiple assessment areas.		

GEORGIA

CRA RATING FOR GEORGIA: Satisfactory

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

SCOPE OF EVALUATION

The evaluation of the Georgia performance considered South State Bank's operations in the Athens MSA, Atlanta MSA, Gainesville MSA, GA Non-MSA, and Savannah MSA assessment areas. Examiners conducted full-scope reviews of performance in the Gainesville MSA, Savannah MSA, and GA Non-MSA. A significant portion of the bank's branches (86.9 percent), deposits (93.7 percent), and lending (90.7 percent) in Georgia are concentrated in these assessment areas. Examiners reviewed small business and home mortgage loans in all assessment areas.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN GEORGIA

The bank operates 23, or 15.0 percent, of its total branches in Georgia. Georgia accounts for 14.6 percent of bank-wide deposits and 9.1 percent of loans. South State Bank ranks fifth in the state in deposit market share at 7.2 percent. Competitor institutions in the assessment areas include Wells Fargo Bank, N.A.; SunTrust Bank; United Community Bank; and Bank of America, N.A. Together, the four competitor institutions accounted for 48.4 percent of the market share.

CONCLUSIONS ON PERFORMANCE CRITERIA IN GEORGIA

LENDING TEST

The Lending Test rating for Georgia is High Satisfactory. The bank's lending levels reflect good responsiveness to the Georgia assessment areas' credit needs. The geographic distribution of loans reflects good penetration throughout the assessment areas. The borrowers' profile reflects adequate penetration among retail customers of different income levels and business customers of different sizes. In addition, the bank used flexible lending practices and originated a relatively high level of community development loans. Home mortgage and small business loans constituted a similar percentage of loans originated during the evaluation period. The performance in assessment areas that received limited-scope reviews was consistent with the bank's lending performance in the state.

Lending Activity

Lending levels reflect good responsiveness to the Georgia assessment areas' credit needs. The tables in Appendix D detail the number and dollar volume of HMDA and CRA loans for each Georgia assessment area.

Geographic Distribution

The overall geographic distribution of loans reflects good penetration throughout the assessment areas.

The geographic distribution of HMDA loans reflects good penetration throughout the assessment areas. Good performance in the full-scope Gainesville MSA and GA Non-MSA assessment areas and adequate performance in the full-scope Savannah MSA assessment area primarily support this conclusion.

The geographic distribution of small business loans reflects good penetration throughout the assessment areas. Good performance in all three Georgia full-scope assessment areas primarily supports this conclusion.

Borrower Profile

The overall distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes.

The distribution of borrowers, with regard to HMDA loans, reflects adequate penetration among retail customers of different income levels. Good performance in the full-scope GA Non-MSA assessment area and adequate performance in the full-scope Gainesville MSA and Savannah MSA assessment areas primarily support this conclusion.

The distribution of borrowers, with regard to small business loans, reflects adequate penetration among business customers of different sizes. Adequate performance in all three full-scope assessment areas primarily supports this conclusion.

Community Development Lending

South State Bank originated a relatively high level of community development loans in Georgia. During this evaluation period, the bank originated 44 community development loans totaling \$78.5 million. This represents 16.5 percent by number and 15.3 percent by dollar volume of total bank-wide community development loans. This level of community development lending, by number and dollar, in Georgia is above the bank-wide lending level in the state at 9.3 percent. In addition, the bank originated five loans totaling \$7.1 million outside the assessment areas, but within the broader statewide area. Since the bank has been responsive to its assessment areas' credit and community economic development needs, examiners gave these loans consideration. The analysis for each full-scope Georgia assessment area includes a detailed discussion of community development loans.

INVESTMENT TEST

The Investment Test performance is rated High Satisfactory in Georgia. The bank has a significant level of qualified community development investments and donations of \$12.8 million in Georgia, and exhibits good responsiveness to credit and community economic development needs. This represented 10.9 percent of bank-wide qualified community development investments and a \$10.0 million increase from the previous evaluation. The total included new MBSs totaling \$2.6 million, state LIHTCs totaling \$5.2 million, three EQ2s totaling \$1.5 million, and 203 donations totaling \$536,000. In particular, the bank's equity investments in the EQ2s reflected a leadership position and were innovative. Additionally, prior period investments supported affordable housing and revitalization and stabilization of low- and moderate-income geographies totaled \$3.0 million. Excluding prior period investments, state LIHTCs supporting affordable housing represented the highest percentage of total investments at 52.5 percent. The GA Non-MSA assessment area received the largest share of Georgia investments, totaling \$4.9 million or 38.0 percent. The performance in the limited-scope assessment areas was consistent with the bank's investment performance in the state.

SERVICE TEST

The Service Test rating for Georgia is High Satisfactory. The bank operates 23 branches in Georgia, which represents 15.0 percent of all branches. The delivery systems are accessible to essentially all portions of the assessment areas, and the opening and closing of branches has not adversely affected the accessibility of its delivery systems. The bank is a leader in providing community development services. The bank provided 289 community development services in Georgia, which represented 24.6 percent of the bank's activities and equated to 4.2 community development services per branch per year in the state. The performance in limited-scope assessment areas was consistent with or below the bank's service performance; however, it did not change the overall state rating.

METROPOLITAN AREAS (Full-Scope)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN GAINESVILLE MSA ASSESSMENT AREA

The Gainesville MSA assessment area consists of Hall County which comprises the Gainesville, GA MSA. The bank operates one, or 4.4 percent, of its Georgia branches in this assessment area. The assessment area contains 6.4 percent of the rated area loans and 5.7 percent of the rated area deposits.

The 2015 ACS Census data showed that the highest volume of owner-occupied housing units and businesses were located in middle- and upper-income census tracts. The following table presents demographic information from the 2015 ACS Census and 2018 D&B data.

Demographic Information of the Assessment Area						
Assessment Area: Gainesville MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	36	5.6	19.4	41.7	33.3	0.0
Population by Geography	187,916	6.1	18.9	42.3	32.8	0.0
Housing Units by Geography	69,302	5.4	16.2	45.4	33.0	0.0
Owner-Occupied Units by Geography	41,434	1.2	12.4	44.6	41.8	0.0
Occupied Rental Units by Geography	20,558	13.1	25.1	43.7	18.1	0.0
Vacant Units by Geography	7,310	7.3	12.4	55.0	25.3	0.0
Businesses by Geography	12,976	9.6	16.9	41.1	32.4	0.0
Farms by Geography	417	3.6	14.4	43.6	38.4	0.0
Family Distribution by Income Level	45,810	20.6	18.0	20.3	41.0	0.0
Household Distribution by Income Level	61,992	22.5	17.0	18.8	41.7	0.0
Median Family Income MSA - 23580 Gainesville, GA MSA		\$58,558	Median Housing Value			\$161,600
			Median Gross Rent			\$908
			Families Below Poverty Level			14.3%
Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The assessment area is moderately competitive in the financial services market. As of June 30, 2019, 18 FDIC-insured institutions operated 44 branches within this area. Of these institutions, the bank ranked 11th in total deposits with a market share of 2.5 percent. The top five financial institutions accounted for 66.2 percent of the deposit market share.

Employment Conditions

According to the Bureau of Labor Statistics, unemployment rates have declined. The following table reflects the average annual unemployment rates and trends for the assessment area county, state, and nation during the evaluation period. Hall County has unemployment rates below both the state and national average rates.

Unemployment Rates			
Area	2017	2018	July 2019
	%	%	%
Hall County	3.9	3.2	2.9
Georgia	4.7	3.9	3.6
National Average	4.4	3.9	3.7
<i>Source: Bureau of Labor Statistics</i>			

According to Moody's Analytics, the top industries were manufacturing, education and health services, and government. The top employers were Northeast Georgia Health System, Fieldale Farms Corp., and Pilgrim's Pride Poultry Co.

Credit and Community Development Needs and Opportunities

Considering demographic and economic data, examiners determined small business loans represents a primary credit need for the assessment area. The significant percentage of businesses with gross annual revenues of \$1 million or less at 85.1 percent and the large number of businesses with four or fewer employees at 67.8 percent support this conclusion. Additionally, affordable housing represents a need as 38.6 percent of families and 39.5 percent of households are low- or moderate-income.

CONCLUSIONS ON PERFORMANCE CRITERIA IN GAINESVILLE MSA ASSESSMENT AREA

LENDING TEST

South State Bank's Lending Test performance in the Gainesville MSA assessment area reflects good responsiveness to the assessment area's credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area and the borrower profile reflects an adequate penetration to retail customers of different income levels and business customers of different sizes. In addition, the bank used flexible lending practices and originated a relatively high level of community development loans.

Lending Activity

Lending levels reflect good responsiveness to the assessment area's credit needs. The core tables in Appendix D detail the number and dollar volume of HMDA and CRA loans in the Gainesville MSA assessment area.

Geographic Distribution

The overall geographic distribution of HMDA and small business loans is good.

The geographic distribution of HMDA loans reflects good penetration throughout the assessment area. In 2017, the bank's lending performance in low-income census tracts was significantly above both the demographic and aggregate lending data; however, lending performance in 2018

decreased, but remained consistent with demographic data. Lending in moderate-income census tracts was above both the demographic and aggregate lending data in 2017.

The geographic distribution of small business loans reflects good penetration throughout the assessment area. The bank's lending performance in low-income census tracts was consistent with the demographic and aggregate lending data. Lending in moderate-income census tracts was significantly above demographic and aggregate lending data.

Borrower Profile

The overall distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes.

The distribution of borrowers, with regard to HMDA loans, reflects adequate penetration among retail customers of different income levels. In 2017, the bank did not make any loans to low-income borrowers; however, in 2018 lending to low-income borrowers significantly increased and exceeded the percent of low-income families, when families below the poverty level are considered. In 2017, lending performance to moderate-income borrowers was below demographic and aggregate lending data. However, lending again increased in 2018 and was slightly above demographic data.

The distribution of borrowers, with regard to small business loans, reflects adequate penetration among business customers of different sizes. The bank originated 31.7 percent of small business loans to businesses with gross annual revenues of \$1 million or less. This performance was below demographic and aggregate lending data.

Community Development Lending

South State Bank originated a relatively high level of community development loans in the Gainesville MSA assessment area. The bank originated three community development loans totaling \$8.8 million. This amount represented 6.8 percent by number and 11.2 percent by dollar volume, of total community development loans in Georgia. The three loans supported revitalization or stabilization. Examples of community development loans included a \$5.0 million loan to a business located in a moderate-income census tract for working capital, and a \$1.8 million loan to build a medical facility in a low-income census tract located in an Opportunity Zone.

INVESTMENT TEST

The bank has an adequate level of qualified investments in the Gainesville MSA assessment area relative to the bank's operations, and exhibits adequate responsiveness to credit and community economic development needs. Qualified investments totaled \$234,000 or 1.8 percent of total Georgia qualified community development investments. This total included new MBSs totaling \$214,000 and 11 donations that benefitted community services totaling \$20,000.

SERVICE TEST

The delivery systems in the Gainesville MSA assessment area are accessible to essentially all portions of the assessment area and the opening and closing of branches has not adversely affected the accessibility of its delivery system. The bank is a leader in providing community development services.

Accessibility of Delivery Systems

Bank delivery systems are accessible to essentially all portions of the assessment area. The bank operates one branch in the assessment area, in a low-income census tract, representing 4.4 percent of the bank's branches in Georgia. The branching distribution is above the low- and moderate-income percentage of the population in the respective geographies.

Changes in Branch Locations

To the extent changes have been made, the opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. Since the last evaluation, the bank has not opened or acquired any branches. However, the bank closed two branches, one located in a middle-income census tract and one located in an upper-income census tract.

Community Development Services

South State Bank is a leader in providing community development services in this assessment area. Bank records show that employees participated in 25 community development services with various organizations since the last performance evaluation. This performance represented 8.7 percent of all community development service activities in the state, which was above the assessment area's share of branches at 4.4 percent. Community development services equated to approximately 8.3 services per branch per year. The following are examples of community development services provided in this assessment area.

- An employee served on the board and family selection committee for Habitat for Humanity.
- An employee served on the board of a church-based mobile food bank organization that provides critical and valuable services to low- and moderate-income families.

METROPOLITAN AREAS (Full-Scope)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SAVANNAH MSA ASSESSMENT AREA

The Savannah, GA MSA has three counties within its boundaries. The Savannah MSA assessment area is comprised of Bryan and Chatham Counties. The bank did not delineate Effingham County as part of its assessment area. The bank operates five, or 21.7 percent, of its

Georgia branches in this assessment area. The assessment area represents 62.0 percent of the rated area loans and 32.5 percent of the rated area deposits.

The 2015 ACS Census data showed that owner-occupied housing units and businesses were relatively equally distributed among moderate-, middle-, and upper-income census tracts. The following table presents demographic information from the 2015 ACS Census and 2018 D&B data.

Demographic Information of the Assessment Area						
Assessment Area: Savannah MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	79	12.7	35.4	24.1	22.8	5.1
Population by Geography	312,441	9.1	28.3	30.3	32.3	0.0
Housing Units by Geography	134,553	8.9	28.5	30.3	32.4	0.0
Owner-Occupied Units by Geography	65,134	4.9	20.5	33.6	41.0	0.0
Occupied Rental Units by Geography	51,219	12.4	37.9	26.8	22.8	0.0
Vacant Units by Geography	18,200	12.9	30.4	28.4	28.3	0.1
Businesses by Geography	23,419	8.2	22.2	34.2	35.1	0.4
Farms by Geography	466	4.3	21.2	36.7	37.8	0.0
Family Distribution by Income Level	73,225	24.1	16.5	20.1	39.3	0.0
Household Distribution by Income Level	116,353	26.1	16.2	17.4	40.4	0.0
Median Family Income MSA - 42340 Savannah, GA MSA		\$61,754	Median Housing Value			\$188,129
			Median Gross Rent			\$965
			Families Below Poverty Level			13.8%
Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The assessment area is highly competitive in the financial services market. As of June 30, 2019, 22 FDIC-insured institutions operated 84 branches within this area. Of these institutions, the bank ranked fourth in total deposits with a market share of 8.2 percent. The top five financial institutions accounted for 71.9 percent of the deposit market share.

Employment Conditions

According to the Bureau of Labor Statistics, unemployment rates have declined. The following table reflects the average annual unemployment rates and trends for the assessment area counties, state, and the nation during the evaluation period. Bryan and Chatham Counties generally have unemployment rates below the state and national average rates; however, Chatham County was above the national average rate in 2017.

Unemployment Rates			
Area	2017	2018	July 2019
	%	%	%
Bryan County	4.2	3.4	3.4
Chatham County	4.5	3.7	3.5
Georgia	4.7	3.9	3.6
National Average	4.4	3.9	3.7
Source: Bureau of Labor Statistics			

According to Moody's Analytics, the top industries are leisure and hospitality services, education and health services, and government. The top employers are Gulfstream Aerospace Corporation, Memorial Health University Medical Center, and St. Stewart/Hunter Army Airfield.

Credit and Community Development Needs and Opportunities

Considering demographic and economic data, examiners determined small business loans represent a primary credit need for the assessment area. The significant percentage of businesses with gross annual revenues of \$1 million or less at 82.2 percent and the large number of businesses with four or fewer employees at 65.1 percent support this conclusion. Additionally, affordable housing represents a need as 40.6 percent of the families and 42.3 percent of the households are low- or moderate-income.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SAVANNAH MSA ASSESSMENT AREA

LENDING TEST

South State Bank's Lending Test performance in the Savannah MSA assessment area reflects good responsiveness to assessment area credit needs. The geographic distribution of loans reflects adequate penetration throughout the assessment area. The borrower profile reflects an adequate penetration to retail customers of different income levels and business customers of different sizes. In addition, the bank used flexible lending practices and originated an adequate level of community development loans.

Lending Activity

Lending levels reflect good responsiveness to the assessment area's credit needs. The core tables in Appendix D detail the number and dollar volume of HMDA and CRA loans in the Savannah MSA assessment area.

Geographic Distribution

The overall geographic distribution of HMDA and small business loans is adequate.

The geographic distribution of HMDA loans reflects adequate penetration throughout the

assessment area. The bank's lending performance in low-income census tracts was below demographic data but comparable to aggregate lending data during the review period. Lending performance in moderate-income census tracts was below demographic data, but above aggregate lending data.

The geographic distribution of small business loans reflects good penetration throughout the assessment area. Lending performance in low-income census tracts was above demographic and aggregate lending data for the review period. Lending performance in moderate-income census tracts was consistent with demographic and aggregate lending data.

Borrower Profile

The overall distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes.

The distribution of borrowers, with regard to HMDA loans, reflects adequate penetration among retail customers of different income levels. Lending performance to low-income borrowers was below both the percentage of low-income families, when families below the poverty level are considered, but comparable to aggregate lending data. Lending performance to moderate-income borrowers was below demographic but comparable to aggregate lending data.

The distribution of borrowers, with regard to small business loans, reflects adequate penetration among business customers of different sizes. The bank originated 31.0 percent of small business loans to businesses with gross annual revenues of \$1 million or less. This performance was below demographic and aggregate lending data. As previously mentioned, this assessment area is highly competitive for residential and small business lending. When competition is considered, the bank's performance is considered reasonable.

Community Development Lending

South State Bank made a relatively high level of community development loans in the Savannah MSA assessment area. The bank originated 20 community development loans totaling \$31.2 million. This amount represented 45.5 percent by number and 39.8 percent by dollar volume of total community development loans in Georgia. Regarding the community development purpose, nine loans supported community services and 11 loans supported revitalization or stabilization. Examples of community development loans include a \$1.5 million loan to a non-profit hospice that serves primarily low- and moderate-income individuals, and an \$8.1 million loan to fund infrastructure improvements for a school district with a majority of students receiving free or reduced-cost lunches.

INVESTMENT TEST

The bank has an adequate level of qualified investments in the Savannah MSA assessment area relative to operations, and exhibits good responsiveness to credit and community economic development needs. Qualified investments totaled \$3.4 million, or 26.8 percent of total Georgia qualified community development investments, a significant increase from the prior evaluation. This total included new state LIHTCs for \$2.2 million, one new EQ2 for \$500,000, prior period

investments of \$616,000 and 86 donations totaling \$139,000. Of the donations, \$29,000 benefitted affordable housing, \$107,000 benefitted community services, and \$3,000 benefitted economic development.

SERVICE TEST

The delivery systems in the Savannah MSA assessment area are accessible to essentially all portions of the assessment area, and the opening and closing of branches has generally not adversely affected the accessibility of its delivery system. The bank is a leader in providing community development services.

Accessibility of Delivery Systems

Bank delivery systems are reasonably accessible to essentially all portions of the assessment area. The bank operates five branches in the assessment area, one in a middle- and four in upper-income census tracts, representing 21.7 percent of the bank's branches in Georgia. The branching distribution is below the low- and moderate-income percentage of the population in the respective geographies.

Changes in Branch Locations

To the extent changes have been made, the opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. Since the last evaluation, the bank has not opened or acquired any branches in the assessment area. The bank closed two branches: one in a low-income geography and one in a middle-income geography.

Community Development Services

South State Bank is a leader in providing community development services in this assessment area. Bank records show that employees participated in 151 community development services with various organizations since the last performance evaluation. This performance represents 52.2 percent of all community development service activities in the state, which is well above the assessment area's share of branches at 21.7 percent; equating to approximately 10.1 community development services per branch per year. The following are examples of community development services provided in this assessment area.

- An employee served as chair of the board's finance committee for a non-profit organization that provides workforce development and various social services to low- and moderate-income families in the assessment area.
- An employee served on the board of a non-profit whose purpose is to provide temporary housing for low-income families who have a critically ill or injured child receiving treatment at local hospitals in the assessment area and who live more than thirty miles away from the applicable hospital.

NONMETROPOLITAN STATEWIDE AREA (Full-Scope)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN GA NON-MSA ASSESSMENT AREA

The GA Non-MSA assessment area consists of Banks, Fannin, Gilmer, Habersham, Hart, Jackson, Rabun, Stephens, Towns, Union, and White Counties. The bank operates 14, or 60.9 percent, of the Georgia branches in this assessment area. The assessment area represents 22.3 percent of the rated area loans and 55.5 percent of the rated area deposits.

The 2015 ACS Census data showed that the majority of owner-occupied housing units and businesses are located in middle-income census tracts. In 2017, the FFIEC designated 20 census tracts in the GA Non-MSA assessment area as distressed and/or underserved. The following table presents demographic information from the 2015 ACS Census and 2018 D&B data.

Demographic Information of the Assessment Area						
Assessment Area: GA Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	62	0.0	4.8	56.5	38.7	0.0
Population by Geography	303,398	0.0	5.5	57.8	36.7	0.0
Housing Units by Geography	158,559	0.0	4.7	59.5	35.8	0.0
Owner-Occupied Units by Geography	85,462	0.0	4.3	57.5	38.2	0.0
Occupied Rental Units by Geography	27,381	0.0	8.7	61.9	29.4	0.0
Vacant Units by Geography	45,716	0.0	2.9	61.9	35.2	0.0
Businesses by Geography	19,801	0.0	5.7	59.0	35.3	0.0
Farms by Geography	988	0.0	3.8	57.9	38.3	0.0
Family Distribution by Income Level	80,506	17.2	16.8	19.2	46.8	0.0
Household Distribution by Income Level	112,843	20.5	14.9	16.7	47.9	0.0
Median Family Income Non-MSAs – GA		\$45,816	Median Housing Value			\$149,738
			Median Gross Rent			\$692
			Families Below Poverty Level			13.2%
Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The assessment area is moderately competitive in the financial services market. As of June 30, 2019, 18 FDIC-insured institutions operated 72 branches within this area. Of these institutions,

the bank ranked second in total deposits with a market share of 16.9 percent. The top five financial institutions accounted for 73.8 percent of the deposit market share.

Employment Conditions

According to the Bureau of Labor Statistics, unemployment rates have generally declined; however, Habersham, Hart, and Jackson Counties' rates increased in July 2019. The following table reflects the average annual unemployment rates and trends for the assessment area counties, state, and the nation during the evaluation period. Gilmer, Stephens, and Towns Counties were consistently above state and national rates.

Area	Unemployment Rates		
	2017	2018	July 2019
	%	%	%
Banks County	3.9	3.1	3.1
Fannin County	4.7	3.9	3.7
Gilmer County	5.0	4.2	3.8
Habersham County	4.5	3.7	4.0
Hart County	4.4	3.6	3.9
Jackson County	3.6	3.0	3.4
Rabun County	4.9	4.0	3.5
Stephens County	5.2	4.5	4.2
Towns County	6.5	5.5	5.1
Union County	4.5	3.6	3.2
White County	3.8	3.0	2.8
Georgia	4.7	3.9	3.6
National Average	4.4	3.9	3.7
<i>Source: Bureau of Labor Statistics</i>			

In 2018, according to D&B data, the top industries were services and retail trade. The top employers could not be determined due to the limited amount of information that is available for these counties.

Credit and Community Development Needs and Opportunities

Considering demographic and economic data, examiners determined small business loans represent a primary credit need for the assessment area. The significant percentage of businesses with gross annual revenues of \$1 million or less at 86.3 percent and the large number of businesses with four or fewer employees at 71.4 percent support this conclusion. Additionally, affordable housing represents a need as 34.0 percent of families and 35.4 percent of households are low- or moderate-income.

CONCLUSIONS ON PERFORMANCE CRITERIA IN GA NON-MSA ASSESSMENT AREA

LENDING TEST

South State Bank's Lending Test performance in the GA Non-MSA assessment area reflects good responsiveness to assessment area credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area. The borrower profile reflects good penetration to retail customers of different income levels and business customers of different sizes. In addition, the bank used flexible lending practices and originated a relatively high level of community development loans.

Lending Activity

Lending levels reflect good responsiveness to the assessment area's credit needs. The core tables in Appendix D detail the number and dollar volume of HMDA and CRA loans in the GA Non-MSA assessment area.

Geographic Distribution

The overall geographic distribution of HMDA and small business loans is good.

The geographic distribution of HMDA loans reflects good penetration throughout the assessment area. This assessment area does not contain low-income census tracts. Lending performance in moderate-income census tracts was above the demographic and aggregate lending data.

The geographic distribution of small business loans reflects good penetration throughout the assessment area. Lending performance in moderate-income census tracts was above demographic and aggregate lending data in 2017. Lending performance decreased in 2018, but was consistent with demographic data.

Borrower Profile

The overall distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different sizes.

The distribution of borrowers, with regard to HMDA loans, reflects good penetration among retail customers of different income levels. Lending performance to low-income borrowers was above the percent of low-income families, when families below the poverty level are considered, and above aggregate lending data. Lending performance decreased in 2018 and was slightly below demographic data, when the poverty rate was considered. Lending performance to moderate-income borrowers was significantly above demographic and aggregate lending data in 2017. Lending decreased in 2018 and was below demographic data.

The distribution of borrowers, with regard to small business loans, reflects adequate penetration among business customers of different sizes. The bank originated 47.3 percent of small business loans to businesses with gross annual revenues of \$1 million or less. This performance was

below demographic data, but comparable to the aggregate lending data.

Community Development Lending

South State Bank made a relatively high level of community development loans in the GA Non-MSA assessment area. The bank originated 16 community development loans totaling \$23.7 million. This amount represented 36.4 percent by number and 30.1 percent by dollar volume of total community development loans in Georgia. Regarding the community development purpose, eight loans supported community services and eight loans supported revitalization or stabilization. Examples of community development loans included a \$12.0 million loan to fund a fiber optics project in a distressed middle-income census tract, and a \$5.0 million loan to a hospital authority located in a distressed middle-income census tract that provides medical services to low- and moderate-income families.

INVESTMENT TEST

The bank has a significant level of qualified investments in the GA Non-MSA assessment area relative to the bank's operations, and exhibits good responsiveness to credit and community economic development needs. Qualified investments totaled \$4.9 million, or 38.1 percent of total Georgia qualified community development investments. This total included new state LIHTCs for \$3.0 million, one new EQ2 for \$500,000, prior period investments of \$1.3 million, and 65 donations totaling \$109,000. Of the donations, \$8,000 benefitted affordable housing, \$88,000 benefitted community services, \$12,000 benefitted economic development, and \$1,000 benefitted revitalization or stabilization.

SERVICE TEST

The delivery systems in the GA Non-MSA assessment area are accessible to essentially all portions of the assessment area, and the opening and closing of branches has not adversely affected the accessibility of its delivery system. The bank provides an adequate level of community development services.

Accessibility of Delivery Systems

Bank delivery systems are accessible to essentially all portions of the assessment area. The bank operates 14 branches in the assessment area, one in a moderate-, ten in middle-, and three in upper-income census tracts, representing 60.9 percent of the bank's branches in Georgia. The branching distributions are above the moderate-income percentage of the population in the respective geographies. In addition, the bank operates two branches in underserved middle-income census tracts.

Changes in Branch Locations

To the extent changes have been made, the opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. Since the last evaluation, the bank has

acquired five branches: four in middle-income geographies and one in an upper-income geography. Two of the middle-income branch acquisitions were located in underserved census tracts. Since the last evaluation, the bank has also closed three branches, two in moderate-income geographies, and one in a distressed or underserved middle-income geography.

Community Development Services

South State Bank provides an adequate level of community development services in this assessment area. Bank records show that employees participated in 80 community development services with various organizations since the last performance evaluation. This performance represented 27.7 percent of all community development service activities in the state, which was below the assessment area's share of branches at 60.9 percent. Community development services equated to approximately 1.9 services per branch per year. The following were examples of community development services provided in this assessment area.

- An employee served on the board and fundraising committee for Habitat for Humanity.
- An employee served on the board of a chamber of commerce organization that provides critical and valuable services to small businesses.

OTHER GEORGIA ASSESSMENT AREAS (Limited-Scope)

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE REVIEW GEORGIA ASSESSMENT AREAS

The following table summarizes the conclusions for the two Georgia assessment areas reviewed using limited-scope examination procedures. Examiners drew conclusions regarding the institution's CRA performance from reviewing available facts and data, including performance figures, aggregate lending data comparisons, and demographic information. The conclusions did not alter the bank's overall performance rating.

Assessment Area	Lending Test	Investment Test	Service Test
Athens MSA	Consistent	Consistent	Below
Atlanta MSA	Consistent	Consistent	Consistent

A summary of South State Bank's operations and activities for each limited-scope assessment area follows with additional information in the core tables in Appendix D. Please note the HMDA and small business lending figures in the activity table in the "Conclusion of Performance Criteria" section for each limited-scope review area below are based on the combined 2017 and 2018 lending data, while the figures for the community development loans, investments, and services are from November 1, 2016, to September 16, 2019.

METROPOLITAN AREAS (Limited-Scope)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ATHENS MSA ASSESSMENT AREA

The Athens-Clarke County, GA MSA has four counties. The Athens MSA assessment area consists of Clarke County. The bank did not delineate Madison, Oconee, or Oglethorpe Counties as part of its assessment area. Demographic data for the assessment area follows.

Demographic Information of the Assessment Area						
Assessment Area: Athens MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	30	23.3	13.3	33.3	26.7	3.3
Population by Geography	120,905	22.0	12.9	36.4	22.3	6.4
Housing Units by Geography	51,529	22.1	13.0	40.4	23.8	0.7
Owner-Occupied Units by Geography	17,549	14.0	10.5	46.4	29.1	0.0
Occupied Rental Units by Geography	25,807	26.5	14.5	37.5	20.4	1.1
Vacant Units by Geography	8,173	25.7	13.7	37.0	22.9	0.8
Businesses by Geography	7,829	18.5	9.8	41.3	28.0	2.4
Farms by Geography	191	9.9	12.6	45.0	30.4	2.1
Family Distribution by Income Level	20,812	32.2	14.3	16.7	36.7	0.0
Household Distribution by Income Level	43,356	35.5	14.6	14.6	35.3	0.0
Median Family Income MSA - 12020 Athens-Clarke County, GA MSA		\$57,116	Median Housing Value			\$157,890
			Median Gross Rent			\$802
			Families Below Poverty Level			22.2%
Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The assessment area is moderately competitive in the financial services market. According to the FDIC Deposit Market Share data as of June 30, 2019, 13 financial institutions operated 28 full-service branches within the assessment area. Of these institutions, South State Bank ranked tenth with 2.5 percent deposit market share. The top five financial institutions accounted for 80.3 percent of the deposit market share.

CONCLUSIONS ON PERFORMANCE CRITERIA IN ATHENS MSA ASSESSMENT AREA

South State Bank operates one branch located in an upper-income census tract in the Athens MSA assessment area. The bank did not open or close any branch offices during the evaluation period in this assessment area. The bank originated and engaged in the following activities in the assessment area during the review period.

Activity	#	\$
Small Business Loans	23	\$2.6 million
HMDA Loans	20	\$3.3 million
Community Development Loans	1	\$8.0 million
Investments (New)	-	\$1.5 million
Investments (Prior Period)	-	--
Donations	14	\$218 thousand
CD Services	10	--
-Totals include investments which impact multiple assessment areas.		

METROPOLITAN AREAS (Limited-Scope)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ATLANTA MSA ASSESSMENT AREA

The Atlanta-Sandy Springs-Roswell, GA MSA has 29 counties. The Atlanta MSA assessment area consists of Barrow and Cherokee Counties. The bank did not delineate the remaining counties as part of its assessment area. Demographic data for the assessment area follows.

Demographic Information of the Assessment Area						
Assessment Area: Atlanta MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	44	0.0	18.2	52.3	29.5	0.0
Population by Geography	297,956	0.0	14.2	47.6	38.2	0.0
Housing Units by Geography	111,307	0.0	14.0	48.6	37.4	0.0
Owner-Occupied Units by Geography	78,450	0.0	9.2	46.9	43.8	0.0
Occupied Rental Units by Geography	24,243	0.0	26.0	53.6	20.4	0.0
Vacant Units by Geography	8,614	0.0	23.8	49.7	26.5	0.0
Businesses by Geography	22,723	0.0	13.8	47.6	38.6	0.0
Farms by Geography	879	0.0	12.1	44.3	43.7	0.0
Family Distribution by Income Level	76,969	18.5	16.7	19.6	45.2	0.0
Household Distribution by Income Level	102,693	18.6	15.9	18.1	47.3	0.0
Median Family Income MSA - 12060 Atlanta-Sandy Springs- Roswell, GA MSA		\$67,322	Median Housing Value			\$177,196
			Median Gross Rent			\$1,001
			Families Below Poverty Level			9.0%
Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The assessment area is moderately competitive in the financial services market. According to the FDIC Deposit Market Share data as of June 30, 2019, 18 financial institutions operated 61 full-service branches within the assessment area. Of these institutions, South State Bank ranked 13th with 1.8 percent deposit market share. The top five financial institutions accounted for 59.3 percent of the deposit market share.

CONCLUSIONS ON PERFORMANCE CRITERIA IN ATLANTA MSA ASSESSMENT AREA

South State Bank operates two branches, one in a moderate- and one in a middle-income census tract, in the Atlanta MSA assessment area. The bank did not open or close any branch offices during the evaluation period in this assessment area. The bank originated and engaged in the following activities in the assessment area during the review period.

Activity	#	\$
Small Business Loans	46	\$7.9 million
HMDA Loans	19	\$3.2 million
Community Development Loans	4	\$6.8 million
Investments (New)	-	\$1.4 million
Investments (Prior Period)	-	\$1.1 million
Donations	27	\$50 thousand
CD Services	23	--
-Totals include investments which impact multiple assessment areas.		

NORTH CAROLINA

CRA RATING FOR NORTH CAROLINA: Satisfactory

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

SCOPE OF EVALUATION

The evaluation of the North Carolina performance considered the operations of South State Bank in the Wilmington MSA and Raleigh MSA assessment areas. Examiners conducted a full-scope review of performance in the Wilmington MSA assessment area. A significant portion of the bank's branches (80.0 percent), deposits (95.1 percent), and lending (77.0 percent) in North Carolina are concentrated in this assessment area. Examiners reviewed home mortgage and small business loans in this assessment area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NORTH CAROLINA

The bank operates five, or 3.3 percent, of its total branches in North Carolina. North Carolina accounts for 2.0 percent of the bank-wide deposits and 1.9 percent of loans. South State Bank ranks 16th in the state in deposit market share with less than one percent. Competitor institutions in the assessment areas include Wells Fargo Bank, N.A.; Branch Banking and Trust Company; Bank of America, N.A.; and Live Oak Banking Company. Together, the four competitor institutions account for 58.0 percent of the market share.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NORTH CAROLINA

LENDING TEST

The Lending Test rating for North Carolina is Low Satisfactory. The bank's lending levels reflect adequate responsiveness to the North Carolina assessment areas' credit needs. The geographic distribution of loans reflects adequate penetration throughout the assessment areas. The borrower profile reflects adequate penetration among retail customers of different income levels and business customers of different sizes. In addition, the bank used flexible lending practices and has originated a high level of community development loans. The performance in the assessment area that received a limited-scope review was consistent with the bank's lending performance in the state.

Lending Activity

Lending levels reflect adequate responsiveness to the assessment areas' credit needs. The tables in Appendix D detail the number and dollar volume of HMDA and CRA loans for each North Carolina assessment area.

Geographic Distribution

The overall geographic distribution of loans reflects adequate penetration throughout the assessment areas.

The geographic distribution of HMDA loans reflects adequate penetration throughout the assessment area. The bank's lending in the Wilmington MSA assessment area is adequate and primarily supports this conclusion.

The geographic distribution of small business loans reflects good penetration throughout the assessment areas. The bank's lending in the Wilmington MSA assessment area is good and primarily supports this conclusion.

Borrower Profile

The overall distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes.

The distribution of borrowers, with regard to HMDA loans, reflects adequate penetration among retail customers of different income levels. Adequate performance in the Wilmington MSA assessment area primarily supports this conclusion.

The distribution of borrowers, with regard to small business loans, reflects good penetration among business customers of different sizes. Good performance in the Wilmington MSA assessment area primarily supports this conclusion.

Community Development Lending

South State Bank originated a relatively high level of community development loans in North Carolina. During this evaluation period, the bank originated eight community development loans totaling \$20.7 million. This represented 3.0 percent by number and 4.0 percent by dollar volume of total bank-wide community development loans. This level of community development lending, by number and dollar, in North Carolina was above the bank-wide lending level in the state at 1.9 percent. In addition, the bank originated two loans totaling \$5.1 million outside the bank's assessment areas, but within the broader statewide area. Since the bank has been responsive to its assessment areas' credit and community economic development needs, examiners gave these loans consideration. The analysis for the full-scope North Carolina assessment area includes a detailed discussion of community development loans.

INVESTMENT TEST

The Investment Test performance is rated High Satisfactory in North Carolina. The bank has a significant level of qualified community development investments and donations totaling \$6.8 million in North Carolina, and exhibits good responsiveness to credit and community economic development needs. This represented 5.8 percent of bank-wide qualified community development investments and was a significant increase from the prior evaluation. The total

included new federal LIHTCs totaling \$6.2 million, one CDFI CD totaling \$245,000, and 33 donations totaling \$139,000. Additionally, prior period investments totaled \$178,000 and supported affordable housing. Excluding prior period investments, federal LIHTCs supporting affordable housing represented the highest percentage of total investments at 94.2 percent. In the Wilmington MSA assessment area, the bank's investments totaled \$4.5 million or 66.6 percent of North Carolina investments. The performance in the limited-scope assessment area exceeded the bank's investment performance in the state; however, it does not change the overall state rating.

SERVICE TEST

The Service Test rating for North Carolina is High Satisfactory. The bank operates five branches in North Carolina, which represents 3.3 percent of all branches. The delivery systems are accessible to essentially all portions of the assessment areas, and the opening and closing of branches has not adversely affected the accessibility of its delivery systems. The bank is a leader in providing community development services. The bank provided 102 community development services in North Carolina which represented 8.7 percent of the bank's activities and equated to 6.8 of community development services per branch per year in the state. The performance in the limited-scope assessment area was consistent with the bank's service performance in the state.

METROPOLITAN AREAS

(Full-Scope)

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

The Wilmington MSA assessment area is comprised of New Hanover and Pender Counties, which represent the entire Wilmington, NC MSA. The bank operates four, or 80.0 percent, of its North Carolina branches in this assessment area. The assessment area represents 77.0 percent of the rated area loans and 95.1 percent of the rated area deposits.

The 2015 ACS Census data showed that owner-occupied housing units and businesses were relatively equally distributed among middle- and upper-income census tracts. The following table presents demographic information from the 2015 ACS Census and 2018 D&B data.

Demographic Information of the Assessment Area						
Assessment Area: Wilmington MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	61	14.8	18.0	29.5	32.8	4.9
Population by Geography	268,257	13.2	17.0	40.1	29.7	0.0
Housing Units by Geography	131,212	12.6	15.5	37.6	34.3	0.0
Owner-Occupied Units by Geography	66,128	4.9	14.4	44.4	36.3	0.0
Occupied Rental Units by Geography	42,405	25.8	18.8	34.0	21.5	0.0
Vacant Units by Geography	22,679	10.6	12.3	24.5	52.6	0.0
Businesses by Geography	21,867	13.4	12.1	34.3	40.1	0.3
Farms by Geography	603	7.0	25.0	37.6	30.0	0.3
Family Distribution by Income Level	65,424	22.7	17.6	18.4	41.3	0.0
Household Distribution by Income Level	108,533	25.1	15.5	17.5	41.9	0.0
Median Family Income MSA - 48900 Wilmington, NC MSA		\$64,357	Median Housing Value			\$222,834
			Median Gross Rent			\$917
			Families Below Poverty Level			11.7%
Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The assessment area is moderately competitive in the financial services market. As of June 30, 2019, 21 FDIC-insured institutions operated 70 branches within this area. Of these institutions, the bank ranked tenth in total deposits with a market share of 2.5 percent. The top five financial institutions accounted for 79.5 percent of the deposit market share.

Employment Conditions

According to the Bureau of Labor Statistics, unemployment rates have declined from 2017 to 2018, but have increased slightly in July 2019. The following table reflects the average annual unemployment rates and trends for the assessment area counties, state, and the nation during the evaluation period. Pender County has unemployment rates above both the state and national average rates.

Unemployment Rates			
Area	2017	2018	July 2019
	%	%	%
New Hanover	4.1	3.7	3.9
Pender	4.6	4.1	4.4
North Carolina	4.5	3.9	4.2
National Average	4.4	3.9	3.7
Source: Bureau of Labor Statistics			

According to Moody's Analytics, the top industries are government, leisure and hospitality services, and retail trade. The top employers are New Hanover Health Network, Wal-Mart Stores, Inc., and General Electric Company.

Credit and Community Development Needs and Opportunities

Considering demographic and economic data, examiners determined small business loans represent a primary credit need for the assessment area. The significant percentage of businesses with gross annual revenues of \$1 million or less at 84.1 percent and the large number of businesses with four or fewer employees at 67.2 percent support this conclusion. Additionally, affordable housing represents a need as 40.3 percent of families and 40.6 percent of households are low- or moderate-income.

CONCLUSIONS ON PERFORMANCE CRITERIA IN WILMINGTON, NC MSA ASSESSMENT AREA

LENDING TEST

South State Bank's Lending Test performance in the Wilmington MSA assessment area reflects adequate responsiveness to the assessment area's credit needs. The geographic distribution of loans reflects adequate penetration throughout the assessment area. The borrower profile reflects an adequate penetration to retail customers of different income levels and business customers of different sizes. In addition, the bank used flexible lending practices and originated an adequate level of community development loans.

Lending Activity

Lending levels reflect adequate responsiveness to the assessment area's credit needs. The core tables in Appendix D detail the number and dollar volume of HMDA and CRA loans in the Wilmington MSA assessment area.

Geographic Distribution

The overall geographic distribution of HMDA and small business loans is adequate.

The geographic distribution of HMDA loans reflects adequate penetration throughout the assessment area. The bank's lending performance in low-income census tracts was above the

demographic and aggregate lending data. Lending performance in moderate-income census tracts was below the demographic but comparable to aggregate lending data.

The geographic distribution of small business loans reflects good penetration throughout the assessment area. In 2017, the percent of the bank's small business loans in low-income census tracts was consistent with the demographic and aggregate lending data, slightly exceeding aggregate. In 2018, lending performance in low-income census tracts significantly increased and surpassed demographic data. Lending in moderate-income census tracts was above demographic and aggregate lending data in 2017. Lending performance decreased in 2018 and was below demographic data.

Borrower Profile

The overall distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes.

The distribution of borrowers, with regard to HMDA loans, reflects adequate penetration among retail customers of different income levels. Lending performance to low-income borrowers was below the percent of low-income families when families below the poverty level are considered, but slight above the aggregate lending data. Lending performance increased in 2018, but remained below demographic data. Lending to moderate-income borrowers was below both the demographic and aggregate lending data, but was not unreasonable.

The distribution of borrowers, with regard to small business loans, reflects good penetration among business customers of different sizes. The bank originated 52.7 percent of small business loans to businesses with gross annual revenues of \$1 million or less. This performance was below demographic data, but above aggregate lending data.

Community Development Lending

South State Bank extended an adequate level of community development loans in the Wilmington MSA assessment area. The bank originated six community development loans totaling \$11.3 million. This amount represented 75.0 percent by number and 54.6 percent by dollar volume of total community development loans in North Carolina. Regarding the community development purpose, three loans supported affordable housing, two loans supported community services, and one loan supported revitalization or stabilization. Examples of community development loans included a \$3.8 million loan to build a 72-unit affordable housing complex, and a \$5.0 million loan to a non-profit organization that provides health services and afterschool programs to low- and moderate-income families.

INVESTMENT TEST

The bank has a relatively high level of qualified investments in the Wilmington MSA assessment area relative to the bank's operations, and exhibits adequate responsiveness to credit and community economic development needs. Qualified investments totaled \$4.5 million or 66.6 percent of total North Carolina qualified community development investments. This total

included two new LIHTCs totaling \$4.2 million, prior period investments of \$178,000, and 22 donations totaling \$114,000. Of the donations, \$3,000 benefitted affordable housing, \$109,000 benefitted community services, and \$2,000 benefitted economic development.

SERVICE TEST

The delivery systems in the Wilmington MSA assessment area are accessible to essentially all portions of the assessment area, and the opening and closing of branches has not adversely affected the accessibility of its delivery system. The bank is a leader in providing community development services.

Accessibility of Delivery Systems

Bank delivery systems are reasonably accessible to essentially all portions of the assessment area. The bank operates four branches, two in middle- and two in upper-income census tracts, in the assessment area, representing 80.0 percent of the bank's branches in North Carolina. The branching distribution is below the low- and moderate-income percentage of the population in the respective geographies.

Changes in Branch Locations

To the extent changes have been made, the opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. Since the last evaluation, the bank has acquired one branch located in an upper-income census tract. The bank has not closed any branches since the last evaluation.

Community Development Services

South State Bank is a leader in providing community development services in this assessment area. Bank records show that employees participated in 90 community development services with various organizations since the last performance evaluation. This performance represented 88.2 percent of all community development service activities in the state, which was above the assessment area's share of branches at 80.0 percent, and equated to approximately 7.5 community development services per branch per year. The following were examples of community development services provided in this assessment area.

- An employee served on the board's advisory committee for an organization that provides housing and other social services to the homeless.
- Several employees provided financial literacy training sessions to schools throughout the assessment area where the majority of students come from low- and moderate-income families.

OTHER NORTH CAROLINA ASSESSMENT AREA (Limited-Scope)

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE REVIEW NORTH CAROLINA ASSESSMENT AREA

The following table summarizes the conclusions for the North Carolina assessment area reviewed using limited-scope examination procedures. Examiners drew conclusions regarding the institution's CRA performance from reviewing available facts and data, including performance figures, aggregate lending data comparisons, and demographic information. The conclusions did not alter the bank's overall performance rating.

Assessment Area	Lending Test	Investment Test	Service Test
Raleigh MSA	Consistent	Exceed	Consistent

A summary of South State Bank's operations and activities for each limited-scope assessment area follows with additional information in the core tables in Appendix D. Please note the HMDA and small business lending figures in the activity table in the "Conclusion of Performance Criteria" section for the limited-scope review area below are based on the combined 2017 and 2018 lending data, while the figures for the community development loans, investments, and services are from November 1, 2016, to September 16, 2019.

METROPOLITAN AREAS (Limited-Scope)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN RALEIGH MSA ASSESSMENT AREA

The Raleigh MSA assessment area consists of Wake County. The Raleigh, NC MSA is comprised of three counties. The bank did not delineate Franklin and Johnston Counties as part of its assessment area. Demographic data for the assessment area follows.

Demographic Information of the Assessment Area Assessment Area: Raleigh MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	187	6.4	19.3	30.5	42.2	1.6
Population by Geography	976,019	6.2	22.8	31.8	38.8	0.5
Housing Units by Geography	392,813	5.6	22.7	33.1	38.5	0.0
Owner-Occupied Units by Geography	234,084	2.1	19.2	34.3	44.5	0.0
Occupied Rental Units by Geography	130,585	11.5	29.1	30.9	28.4	0.0
Vacant Units by Geography	28,144	7.6	22.9	33.3	36.1	0.0
Businesses by Geography	88,116	3.9	19.3	31.9	44.6	0.2
Farms by Geography	1,914	2.5	16.8	42.1	38.6	0.1
Family Distribution by Income Level	243,940	19.9	16.2	18.8	45.1	0.0
Household Distribution by Income Level	364,669	20.9	16.6	17.8	44.7	0.0
Median Family Income MSA - 39580 Raleigh, NC MSA		\$78,057	Median Housing Value			\$247,494
			Median Gross Rent			\$966
			Families Below Poverty Level			7.9%
Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0.						

The assessment area is highly competitive in the financial services market. According to the FDIC Deposit Market Share data as of June 30, 2019, 33 financial institutions operated 248 full-service branches within the assessment area. Of these institutions, South State Bank ranked 30th with less than one percent deposit market share. The top five financial institutions accounted for 72.3 percent of the deposit market share.

CONCLUSIONS ON PERFORMANCE CRITERIA IN RALEIGH MSA ASSESSMENT AREA

South State Bank operates one branch in the Raleigh MSA assessment area. This branch opened during this evaluation period. The bank did not close any branches in this assessment area. The bank originated and engaged in the following activities in the assessment area during the review period.

Activity	#	\$
Small Business Loans	7	\$2.7 million
HMDA Loans	5	\$1.2 million
Community Development Loans	2	\$9.4 million
Investments (New)	-	\$2.2 million
Investments (Prior Period)	-	--
Donations	11	\$25 thousand
CD Services	12	--
-Totals include investments which impact multiple assessment areas.		

VIRGINIA

CRA RATING FOR VIRGINIA: Satisfactory

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: Low Satisfactory

SCOPE OF EVALUATION

The evaluation of performance in Virginia is comprised entirely of South State Bank's performance in the Richmond MSA assessment area. Examiners conducted a full-scope review of performance in the Richmond MSA assessment area. All of the bank's branches, deposits, and lending in Virginia are in this assessment area. Examiners reviewed home mortgage and small business loans in the Richmond MSA assessment area. Small business loans constitute the primary loan product type by number and dollar volume in Virginia. Therefore, examiners based performance evaluation and conclusions primarily upon small business lending.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN VIRGINIA

The Richmond MSA assessment area is comprised of Chesterfield, Hanover, and Henrico Counties and Richmond City. The Richmond MSA represents a portion of the 17 counties that make up the Richmond, VA MSA. The bank operates seven, or 4.6 percent, of its total branches in Virginia. Virginia accounts for 3.6 percent of the bank-wide deposits and 1.3 percent of loans.

The 2015 ACS Census data showed that owner-occupied housing units and businesses were relatively equally distributed among moderate-, middle-, and upper-income census tracts. The following table presents demographic information from the 2015 ACS Census and 2018 D&B data.

Demographic Information of the Assessment Area						
Assessment Area: Richmond MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	224	12.5	21.4	33.5	31.7	0.9
Population by Geography	962,115	9.2	20.1	35.3	35.1	0.4
Housing Units by Geography	398,579	9.7	21.1	35.3	33.8	0.1
Owner-Occupied Units by Geography	234,715	4.5	15.3	38.6	41.5	0.0
Occupied Rental Units by Geography	131,358	17.4	29.6	30.6	22.2	0.2
Vacant Units by Geography	32,506	16.0	27.7	30.4	25.5	0.4
Businesses by Geography	75,652	5.9	20.4	32.9	40.4	0.4
Farms by Geography	1,662	2.5	12.2	41.2	44.1	0.1
Family Distribution by Income Level	232,178	20.1	17.4	19.9	42.7	0.0
Household Distribution by Income Level	366,073	22.7	16.4	18.1	42.8	0.0
Median Family Income MSA - 40060 Richmond, VA MSA		\$75,126	Median Housing Value			\$228,571
			Median Gross Rent			\$1,001
			Families Below Poverty Level			8.4%
Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The assessment area is highly competitive in the financial services market. As of June 30, 2019, 26 FDIC-insured institutions operated 235 branches within this area. Of these institutions, the bank ranked eighth in total deposits with a market share of less than one percent. The top five financial institutions accounted for 93.9 percent of the deposit market share.

Employment Conditions

According to the Bureau of Labor Statistics, unemployment rates have declined. The following table reflects the average annual unemployment rates and trends for the assessment area counties, state, and nation during the evaluation period. Chesterfield and Hanover Counties were consistently the same as or lower than the state and national average unemployment rates. Henrico County was consistent with the state, but lower than national average rates; and Richmond City was higher than state, but lower than national average rates.

Unemployment Rates			
Area	2017	2018	July 2019
	%	%	%
Chesterfield County	3.6	2.9	2.9
Hanover County	3.3	2.6	2.5
Henrico County	3.7	3.0	2.8
Richmond City	4.3	3.5	3.4
Virginia	3.7	3.0	2.9
National Average	4.4	3.9	3.7
<i>Source: Bureau of Labor Statistics</i>			

According to Moody's Analytics, the top industries are professional and business services, government, and education and health services. The top employers are Capital One Financial Corp., Fort Lee, and VCU Health System.

Credit and Community Development Needs and Opportunities

Considering demographic and economic data, examiners determined small business loans represent a primary credit need for the assessment area. The significant percentage of businesses with gross annual revenues of \$1 million or less at 84.0 percent and the large number of businesses with four or fewer employees at 69.1 percent support this conclusion. Additionally, affordable housing represents a need as 37.5 percent of families and 39.1 percent of households are low- or moderate-income.

CONCLUSIONS ON PERFORMANCE CRITERIA IN VIRGINIA

LENDING TEST

The Lending Test rating for Virginia is Low Satisfactory. The bank's lending levels reflect adequate responsiveness to the Richmond MSA assessment area's credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area. The borrower profile reflects poor penetration among retail customers of different income levels and business customers of different sizes. In addition, the bank used flexible lending practices and has originated a relatively high level of community development loans.

Lending Activity

Lending levels reflect adequate responsiveness to the assessment area's credit needs. The tables in Appendix D detail the number and dollar volume of HMDA and CRA loans for the Richmond MSA assessment area in Virginia. Since the bank entered this market in December 2017 and originated a minimal number of loans, the analysis presented below is based on 2018 lending performance.

Geographic Distribution

The overall geographic distribution of loans reflects good penetration throughout this assessment area.

The geographic distribution of HMDA loans reflects adequate penetration throughout the assessment area. The bank did not originate any loans in low-income census tracts. However, in comparison, the percent of owner-occupied housing and aggregate lending were both low. The bank's lending performance in moderate-income census tracts significantly exceeded demographic and aggregate lending data.

The geographic distribution of small business loans reflects good penetration throughout the assessment area. The bank made no loans in low-income census tracts in 2017 which was inferior to demographics and inferior to aggregate lending at 5.1 percent. However, lending in moderate-income census tracts far exceeded demographics and aggregate lending.

Borrower Profile

The overall distribution of borrowers reflects poor penetration among retail customers of different income levels and business customers of different sizes.

The distribution of borrowers, with regard to HMDA loans, reflects poor penetration among retail customers of different income levels. The bank did not originate any loans to low- and moderate-income borrowers. Consequently, the bank's lending performance was below both demographic and aggregate lending data.

The distribution of borrowers, with regard to small business loans, reflects poor penetration among business customers of different sizes. The bank originated 33.3 percent of small business loans to businesses with gross annual revenues of \$1 million or less. This performance was below demographic and aggregate lending data. In 2018, the bank's lending performance declined to 24.6 percent.

Community Development Lending

South State Bank originated a relatively high level of community development loans in Virginia. During this evaluation period, the bank originated seven community development loans totaling \$23.0 million. This represented 2.6 percent by number and 4.5 percent by dollar volume of total bank-wide community development loans. This level of community development lending, by number and dollar, was above the bank-wide lending level in the state at 1.3 percent. In addition, the bank originated two loans totaling \$14.5 million outside the bank's assessment area, but within the broader statewide area. Since the bank has been responsive to its assessment area's credit and community economic development needs, examiners gave these loans consideration.

INVESTMENT TEST

The Investment Test performance is rated High Satisfactory in Virginia. The bank has a significant level of qualified community development investments and donations totaling \$11.4 million in Virginia, and exhibits good responsiveness to credit and community economic development needs. This represented 9.7 percent of bank-wide qualified community development investments. The investments included new MBSs totaling \$7.1 million, federal LIHTCs totaling \$4.2 million, and 14 donations totaling \$59,000. Of the donations, \$22,000 benefitted affordable housing, and \$37,000 benefitted community services. There were no prior period investments.

SERVICE TEST

The Service Test rating for Virginia is Low Satisfactory. The bank operates seven branches in Virginia, which represents 4.6 percent of all branches. The delivery systems are reasonably accessible to essentially all portions of the assessment areas, and the opening and closing of branches has not adversely affected the accessibility of its delivery systems. The bank provided overall an adequate level of community development services. The bank provided 22 community development services in Virginia, which represented 1.9 percent of the bank's activities and equated to 1.0 community development service per branch per year in the state.

Accessibility of Delivery Systems

Bank delivery systems are reasonably accessible to essentially all portions of the assessment area. The bank operates seven branches in the assessment area, one in a moderate-, two in middle-, and four in upper-income census tracts, representing all of the bank's branches in Virginia. The branching distribution is below the low- and moderate-income percentage of the population in the respective geographies.

Changes in Branch Locations

To the extent changes have been made, the opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. Since the last evaluation, the bank has acquired eight branches: one in a moderate-income geography, three in middle-income geographies, and four in upper-income geographies. The bank closed one branch located in a middle-income geography.

Community Development Services

South State Bank has provided an adequate level of community development services in this assessment area. Bank records show that employees participated in 22 community development services with various organizations since the last performance evaluation. The Richmond MSA performance represented all community development service activities in the state, which equated to approximately 1.0 community development services per branch per year. The following were examples of community development services provided in this assessment area.

- An employee served on the board of a volunteer non-profit group that teaches work-readiness, entrepreneurship, and financial literacy skills to low- and moderate-income youths.
- An employee served on the board of a non-profit organization that provides education, health services, shelter, and support to low-income children and families in the assessment area.

MULTISTATE METROPOLITAN AREA

CRA RATING FOR CHARLOTTE-CONCORD-GASTONIA, NC-SC MULTISTATE MSA: Satisfactory

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

SCOPE OF EVALUATION

The evaluation of the Charlotte-Concord-Gastonia, NC-SC Multistate MSA performance considered a full-scope review of the bank's operations in five counties in North Carolina and one county in South Carolina, which represents a portion of this multistate MSA. Examiners reviewed home mortgage and small business loans in this assessment area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CHARLOTTE-CONCORD-GASTONIA, NC-SC MULTISTATE MSA

The Charlotte-Concord MMSA assessment area consists of Gaston, Iredell, Mecklenburg, Rowan, and Union Counties in North Carolina and York County in South Carolina. The Charlotte-Concord-Gastonia, NC-SC Multistate MSA has ten counties. The bank did not delineate Cabarrus and Lincoln Counties in North Carolina and Chester and Lancaster Counties in South Carolina as part of its assessment area. The bank operates 21, or 13.8 percent, of its branches in this assessment area. The assessment area represents 16.7 percent of bank-wide loans and 13.6 percent of deposits.

The 2015 ACS Census data showed that owner-occupied housing units and businesses were relatively equally distributed among moderate-, middle-, and upper-income census tracts. The following table presents demographic information from the 2015 ACS Census and 2018 D&B data.

Demographic Information of the Assessment Area						
Assessment Area: Charlotte-Concord MMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	459	9.4	26.6	31.6	31.4	1.1
Population by Geography	1,957,020	8.1	25.5	32.3	33.8	0.4
Housing Units by Geography	805,518	8.2	26.1	32.5	33.1	0.1
Owner-Occupied Units by Geography	470,799	3.6	21.3	35.8	39.3	0.0
Occupied Rental Units by Geography	261,691	15.4	33.2	26.9	24.4	0.2
Vacant Units by Geography	73,028	12.4	31.3	31.1	25.0	0.2
Businesses by Geography	139,323	7.7	21.0	27.1	43.3	0.9
Farms by Geography	3,479	4.5	19.8	44.4	31.2	0.2
Family Distribution by Income Level	489,317	22.5	16.8	18.6	42.1	0.0
Household Distribution by Income Level	732,490	23.5	16.1	17.4	43.1	0.0
Median Family Income MSA - 16740 Charlotte-Concord-Gastonia, NC-SC MSA		\$64,187	Median Housing Value			\$189,310
			Median Gross Rent			\$900
			Families Below Poverty Level			11.3%
Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The assessment area is highly competitive in the financial services market. According to the FDIC Deposit Market Share data as of June 30, 2019, 37 financial institutions operated 425 full-service branches within the assessment area. Of these institutions, the bank ranked seventh in total deposits with a market share of less than one percent. The top five financial institutions accounted for 94.9 percent of the deposit market share and include Bank of America, N.A.; Wells Fargo Bank, N.A.; Branch Banking and Trust Company, Fifth Third Bank; and First-Citizens Bank & Trust Company.

Employment Conditions

According to the Bureau of Labor Statistics, unemployment rates have declined. The following table reflects the average annual unemployment rates and trends for the assessment area counties, state, and nation during the evaluation period. All counties varied and few were consistent with state and national average rates.

Unemployment Rates			
Area	2017	2018	July 2019
	%	%	%
Gaston County (NC)	4.6	3.9	4.3
Iredell County (NC)	4.2	3.6	4.0
Mecklenburg County (NC)	4.3	3.7	4.1
Rowan County (NC)	4.7	3.9	4.4
Union County (NC)	4.0	3.4	3.9
York County (SC)	4.0	3.3	3.2
North Carolina	4.5	3.9	4.2
South Carolina	4.3	3.4	3.4
National Average	4.4	3.9	3.7
<i>Source: Bureau of Labor Statistics</i>			

According to Moody's Analytics, the top industries are government, leisure and hospitality services, and retail trade. The top employers are Atrium Health, Wells Fargo Bank, N.A., and Wal-Mart stores.

Credit and Community Development Needs and Opportunities

Considering demographic and economic data, examiners determined small business loans represent a primary credit need for the assessment area. The significant percentage of businesses with gross annual revenues of \$1 million or less at 83.7 percent and the large number of businesses with four or fewer employees at 67.2 percent support this conclusion. Additionally, affordable housing represents a need as 39.3 percent of the families and 39.6 percent of the households are low- or moderate-income.

CONCLUSIONS ON PERFORMANCE CRITERIA IN CHARLOTTE-CONCORD-GASTONIA, NC-SC MULTISTATE MSA

LENDING TEST

The Lending Test rating for the Charlotte-Concord MMSA assessment area is Low Satisfactory. The bank's lending levels reflect good responsiveness to the assessment area's credit needs. The geographic distribution of loans reflects adequate penetration throughout the assessment area, and the borrowers' profile reflects an adequate penetration among retail customers of different income levels and business customers of different sizes. In addition, the bank uses flexible lending practices and originated an adequate level of community development loans.

Lending Activity

Lending levels reflect good responsiveness to the assessment area's credit needs. The core tables in Appendix D detail the number and dollar volume of HMDA and CRA loans in the Charlotte-Concord MMSA assessment area.

Geographic Distribution

The overall geographic distribution of loans reflects adequate penetration throughout the assessment area.

The geographic distribution of HMDA loans reflects adequate penetration throughout the assessment area. The bank's lending performance in low-income census tracts was above both the demographic and aggregate lending data in 2017; however, was slightly below demographic data in 2018. Lending in moderate-income census tracts was below demographic and aggregate lending data for the entire review period.

The geographic distribution of small business loans reflects good penetration throughout the assessment area. Small business lending in low- and moderate-income census tracts was above both the demographic and aggregate lending data for the entire review period.

Borrower Profile

The overall distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes.

The distribution of borrowers, with regard to HMDA loans, reflects adequate penetration among retail customers of different income levels. Lending performance to low-income borrowers was significantly below the percent of low-income families, even when families below the poverty level are considered, and below aggregate lending data. Lending to moderate-income borrowers was below demographic data and aggregate lending data. The bank's lending performance to low- and moderate-income borrowers slightly improved in 2018.

The distribution of borrowers, with regard to small business loans, reflects adequate penetration among businesses of different sizes. The bank originated 37.6 percent of small business loans to businesses with gross annual revenues of \$1 million or less. This performance was below demographic and aggregate lending data, but not unreasonable.

As previously mentioned, this assessment area is highly competitive for residential and small business lending. When competition is considered, the bank's performance is considered reasonable.

Community Development Lending

South State Bank has originated an adequate level of community development loans in the Charlotte-Concord MMSA assessment area. During this evaluation period, the bank originated 28 community development loans totaling \$47.4 million. This represented 10.5 percent by number and 9.2 percent by dollar volume of total bank-wide community development loans, which was below the bank's overall lending levels at 16.6 percent in the assessment area. Regarding the community development purpose, 14 loans supported affordable housing, seven loans supported community services, four loans supported economic development, and three loans supported revitalization or stabilization. Examples of community development loans included a \$2.0 million loan to build a 30-unit LIHTC affordable housing complex, and a \$1.6

million SBA 504 loan to fund the construction of an industrial park in a low-income census tract that is in an Opportunity Zone.

INVESTMENT TEST

The Investment Test performance is rated High Satisfactory in the Charlotte-Concord MMSA assessment area. The bank has a significant level of qualified investments in this assessment area relative to the bank's operations in this assessment area, and exhibits good responsiveness to credit and community economic development needs. The bank's qualified investments in the Charlotte-Concord MMSA totaled \$17.0 million, or 14.5 percent, of total bank-wide qualified community development investments, a significant increase from the prior evaluation. The investments included new MBSs totaling \$4.0 million, federal LIHTCs totaling \$10.0 million, prior period investments, which supported affordable housing projects and economic development totaling \$2.8 million, and 94 donations totaling \$204,000. Of the donations, \$41,000 benefitted affordable housing, \$155,000 benefitted community services, \$7,000 benefitted economic development, and \$1,000 benefitted revitalization or stabilization.

SERVICE TEST

The Service Test rating for this institution is High Satisfactory in the Charlotte-Concord MMSA assessment area. Bank delivery systems are accessible to essentially all portions of the assessment areas. The bank operates 21 branches in this assessment area, one in a low-, six in moderate-, six in middle-, and eight in upper-income census tracts, which represents 13.8 percent of all branches. The branching distribution is consistent with the low- and moderate-income percentage of the population in the respective geographies. Additionally, the opening and closing of branches has not adversely affected the accessibility of its delivery systems. The bank acquired 19 branches and closed five branches in this assessment area during the evaluation period. Of the closures, one was in a low-, two in a moderate-, one in middle-, and one in an upper-income census tract. The bank provides an adequate level of community development services. The bank provided 96 community development services which represented 8.2 percent of the bank's activities and equated to 1.5 community development services per branch per year. The following were examples of community development services provided in this assessment area.

- An employee served as chair of the board of a substance abuse center serving low- and moderate-income individuals throughout the assessment area.
- An employee provided financial advisory support by serving as treasurer of a free medical clinic that serves low- and moderate-income areas.

MULTISTATE METROPOLITAN AREA

CRA RATING FOR AUGUSTA-RICHMOND COUNTY, GA-SC MULTISTATE MSA: Satisfactory

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: High Satisfactory

SCOPE OF EVALUATION

The evaluation of the Augusta-Richmond County, GA-SC Multistate MSA performance considered the bank's operations in two counties in Georgia and one county in South Carolina. The Augusta-Richmond MMSA assessment area represents a portion of the Augusta-Richmond County, GA-SC Multistate MSA. Examiners reviewed home mortgage and small business loans in this assessment area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN AUGUSTA-RICHMOND COUNTY, GA-SC MULTISTATE MSA

The Augusta-Richmond MMSA assessment area consists of Columbia and Richmond Counties in Georgia and Aiken County in South Carolina. The Augusta-Richmond County, GA-SC Multistate MSA has seven counties. The bank did not delineate Burke, Lincoln, and McDuffie Counties in Georgia and Edgefield County in South Carolina as part of its assessment area. The bank operates 11, or 7.2 percent, of its branches in this assessment area. The assessment area represents 10.1 percent of bank-wide loans and 11.0 percent of deposits.

The 2015 ACS Census data showed that owner-occupied housing units and businesses were relatively equally distributed among moderate-, middle-, and upper-income census tracts. The following table presents demographic information from the 2015 ACS Census and 2018 D&B data.

Demographic Information of the Assessment Area						
Assessment Area: Augusta-Richmond MMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	100	11.0	26.0	37.0	25.0	1.0
Population by Geography	501,403	7.6	23.0	38.4	30.9	0.0
Housing Units by Geography	212,855	8.1	24.2	37.3	30.4	0.0
Owner-Occupied Units by Geography	120,744	4.3	20.6	39.0	36.1	0.0
Occupied Rental Units by Geography	60,174	14.5	30.0	34.2	21.3	0.0
Vacant Units by Geography	31,937	10.5	27.0	36.7	25.9	0.0
Businesses by Geography	27,681	8.3	20.4	32.6	38.7	0.0
Farms by Geography	857	4.9	19.8	40.8	34.4	0.0
Family Distribution by Income Level	122,367	23.4	15.8	18.1	42.7	0.0
Household Distribution by Income Level	180,918	24.8	14.8	16.5	43.9	0.0
Median Family Income MSA - 12260 Augusta-Richmond County, GA-SC MSA		\$58,059	Median Housing Value			\$133,242
			Median Gross Rent			\$814
			Families Below Poverty Level			14.3%
Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The assessment area is highly competitive in the financial services market. According to the FDIC Deposit Market Share data as of June 30, 2019, 17 financial institutions operated 99 full-service branches within the assessment area. Of these institutions, the bank ranked second in total deposits with a market share of 16.4 percent. The top five financial institutions accounted for 70.0 percent of the deposit market share and include Wells Fargo Bank, N.A.; South State Bank; Bank of America, N.A.; SunTrust Bank; and Security Federal Bank.

Employment Conditions

According to the Bureau of Labor Statistics, unemployment rates have declined. The following table reflects the average annual unemployment rates and trends for the assessment area counties, state, and nation during the evaluation period. Richmond County has unemployment rates consistently above both the state and national average rates.

Unemployment Rates			
Area	2017	2018	July 2019
	%	%	%
Aiken County (SC)	4.1	3.3	3.3
Columbia County (GA)	4.1	3.5	3.3
Richmond County (GA)	5.9	5.1	5.0
Georgia	4.7	3.9	3.6
South Carolina	4.3	3.4	3.4
National Average	4.4	3.9	3.7
<i>Source: Bureau of Labor Statistics</i>			

According to Moody's Analytics, the top industries are government, professional and business services, and education and health services. The top employers are US Army Signal Center & Fort Gordon, Washington Savannah River Company, and Georgia Regents University.

Credit and Community Development Needs and Opportunities

Considering demographic and economic data, examiners determined small business loans represent a primary credit need for the assessment area. The significant percentage of businesses with gross annual revenues of \$1 million or less at 83.4 percent and the large number of businesses with four or fewer employees at 64.9 percent support this conclusion. Additionally, affordable housing represents a need as 39.2 percent of families and 39.6 percent of households are low- or moderate-income.

CONCLUSIONS ON PERFORMANCE CRITERIA IN AUGUSTA-RICHMOND COUNTY, GA-SC MULTISTATE MSA

LENDING TEST

The Lending Test rating for the Augusta-Richmond MMSA assessment area is Low Satisfactory. Lending levels reflect good responsiveness to the assessment area's credit needs. The geographic distribution of loans reflects adequate penetration throughout the assessment area, and borrower profile reflects adequate penetration among retail customers of different income levels and business customers of different sizes. In addition, the bank uses flexible lending practices and originated an adequate level of community development loans.

Lending Activity

Lending levels reflect good responsiveness to the assessment area's credit needs. The core tables in Appendix D detail the number and dollar volume of HMDA and CRA loans in the Augusta-Richmond MMSA assessment area.

Geographic Distribution

The overall geographic distribution of loans reflects adequate penetration throughout the assessment area.

The geographic distribution of HMDA loans reflects adequate penetration throughout the assessment area. The bank's lending performance in low-income census tracts was below the demographic data but consistent with aggregate lending data. Lending in moderate-income census tracts was below demographic and aggregate lending data, but not unreasonable.

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. Small business lending in low-income census tracts was slightly below the demographic data, but consistent with the aggregate lending data. Lending in moderate-income census tracts was below the demographic and aggregate lending data, but not unreasonable.

As previously mentioned, this assessment area is highly competitive for residential and small business lending. When competition is considered, the bank's performance is considered reasonable.

Borrower Profile

The overall distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes.

The distribution of borrowers, with regard to HMDA loans, reflects adequate penetration among retail customers of different income levels. Lending performance to low-income borrowers was below the percent of low-income families, even when families below the poverty level are considered, but was consistent with aggregate lending data. Lending to moderate-income borrowers was consistent with demographic and aggregate lending data.

The distribution of borrowers, with regard to small business loans, reflects adequate penetration among business customers of different sizes. The bank originated 41.6 percent of small business loans to businesses with gross annual revenues of \$1 million or less. This performance was below demographic and slightly below aggregate lending data. Lending performance increased in 2018 to 51.9 percent, but remained below demographic data. Given the highly competitive nature of the assessment area and the increase in lending, small business lending performance is reasonable.

Community Development Lending

South State Bank has originated an adequate level of community development loans in the Augusta-Richmond MMSA assessment area. During this evaluation period, the bank originated 19 community development loans totaling \$29.4 million. This represented 7.1 percent by number and 5.7 percent by dollar volume of total bank-wide community development loans, which was below the bank's overall lending levels at 10.1 percent in the Augusta-Richmond MMSA assessment area. Regarding the community development purpose, one loan supported affordable housing, eight loans supported community services, two loans supported economic development, and eight loans supported revitalization or stabilization. Examples of community development loans included a \$2.4 million working capital loan to a business in a low-income census tract within an Opportunity Zone, and a \$3.6 million loan to fund the construction of a convenience store in a moderate-income census tract.

INVESTMENT TEST

The Investment Test performance is rated Low Satisfactory in the Augusta-Richmond MMSA assessment area. The bank has an adequate level of qualified investments relative to the bank's operations in this assessment area, and exhibits adequate responsiveness to credit and community economic development needs. The bank's qualified investments in the Augusta-Richmond MMSA totaled \$6.6 million or 5.7 percent of total bank-wide qualified community development investments. The investments included new state LIHTCs for \$2.7 million, prior period investments totaling \$3.7 million that supported economic development and revitalization or stabilization of geographies, and 60 donations totaling \$241,000. Of the donations, \$5,000 benefitted affordable housing, \$210,000 benefitted community services, and \$26,000 benefitted economic development.

SERVICE TEST

The Service Test rating for the Augusta-Richmond MMSA assessment area is High Satisfactory. Bank delivery systems are accessible to essentially all portions of the assessment areas. The bank operates 11 branches in this assessment area, two in moderate-, four in middle-, and five in upper-income census tracts, which represents 7.2 percent of all branches. The branching distribution is below the low- and consistent with the moderate-income percentage of the population in the respective geographies. The opening and closing of branches has not adversely affected the accessibility of its delivery systems. The bank acquired 12 branches and closed one branch in a middle-income census tract in this assessment area during the evaluation period. The bank is a leader in providing community development services. The bank provided 99 community development services, which represented 8.4 percent of the bank's activities and equated to 3.0 of community development services per branch per year. The following were examples of community development services provided in this assessment area.

- An employee served as treasurer for a rehabilitation center for homeless men in the assessment area.
- An employee served on the board of an organization that provides lodging for low- and moderate-income families while their children are receiving critical medical care.

MULTISTATE METROPOLITAN AREA

**CRA RATING FOR MYRTLE BEACH-CONWAY-NORTH MYRTLE BEACH, SC-NC
MULTISTATE MSA: Satisfactory**

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: Outstanding

The Service Test is rated: Low Satisfactory

SCOPE OF EVALUATION

The evaluation of the Myrtle Beach-Conway-North Myrtle Beach, SC-NC Multistate MSA performance considered a full-scope review of the bank's operations in Brunswick County in North Carolina and Horry County in South Carolina, which represent the entire Myrtle Beach-Conway-North Myrtle Beach, SC-NC Multistate MSA. Examiners reviewed home mortgage and small business loans in this assessment area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MYRTLE BEACH-CONWAY-NORTH MYRTLE BEACH, SC-NC MULTISTATE MSA

The bank operates eight, or 5.2 percent, of its total branches in the Myrtle Beach-Conway MMSA assessment area. The assessment area accounts for 6.8 percent of the bank-wide loans and 3.3 percent of deposits.

The 2015 ACS Census data showed that the majority of the owner-occupied housing units and businesses were located within middle-income census tracts. The following table presents demographic information from the 2015 ACS Census and 2018 D&B data.

Demographic Information of the Assessment Area						
Assessment Area: Myrtle Beach-Conway MMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	105	1.9	19.0	56.2	19.0	3.8
Population by Geography	406,656	1.5	19.0	63.6	15.7	0.2
Housing Units by Geography	271,514	1.5	14.4	60.7	23.2	0.1
Owner-Occupied Units by Geography	119,389	0.4	16.1	64.9	18.4	0.2
Occupied Rental Units by Geography	48,542	3.6	20.6	61.7	13.9	0.2
Vacant Units by Geography	103,583	1.7	9.5	55.5	33.2	0.1
Businesses by Geography	27,232	4.3	15.8	57.9	21.5	0.5
Farms by Geography	905	1.1	25.2	59.2	14.0	0.4
Family Distribution by Income Level	110,740	20.1	18.4	21.2	40.3	0.0
Household Distribution by Income Level	167,931	23.1	16.4	19.1	41.4	0.0
Median Family Income MSA - 34820 Myrtle Beach-Conway-North Myrtle Beach, SC-NC MSA		\$53,695	Median Housing Value			\$194,604
			Median Gross Rent			\$849
			Families Below Poverty Level			12.8%
Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The assessment area is highly competitive in the financial services market. According to the FDIC Deposit Market Share data as of June 30, 2019, 24 financial institutions operated 147 full-service branches within the assessment area. Of these institutions, South State Bank ranked eighth with 4.3 percent deposit market share. Competitor institutions in the assessment area included Branch Banking and Trust Company; The Conway National Bank; Wells Fargo Bank, N.A.; Bank of America, N.A.; and CresCom Bank. Together, the five competitor institutions accounted for 55.7 percent of the market share.

Employment Conditions

According to the Bureau of Labor Statistics, unemployment rates have declined. The following table reflects the average annual unemployment rates and trends for the assessment area counties, state, and nation during the evaluation period. In 2017 and 2018, Brunswick and Horry Counties have unemployment rates higher than both the state and national average rates.

Unemployment Rates			
Area	2017	2018	July 2019
	%	%	%
Brunswick County (NC)	5.6	5.2	5.2
Horry County (SC)	5.0	4.2	3.4
North Carolina	4.5	3.9	4.2
South Carolina	4.3	3.4	3.4
National Average	4.4	3.9	3.7

Source: Bureau of Labor Statistics

According to Moody's Analytics, the top industries are leisure and hospitality services, retail trade, and government. The top employers are Wal-Mart Stores Inc., Coastal Carolina University, and Conway Medical Center.

Credit and Community Development Needs and Opportunities

Considering demographic and economic data, examiners determined small business loans represent a primary credit need for the assessment area. The significant percentage of businesses with gross annual revenues of \$1 million or less at 84.5 percent and the large number of businesses with four or fewer employees at 66.0 percent support this conclusion. Additionally, affordable housing represents a need as 38.5 percent of families and 39.5 percent of households are low- or moderate-income.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MYRTLE BEACH-CONWAY-NORTH MYRTLE BEACH, SC-NC MULTISTATE MSA

LENDING TEST

The Lending Test rating for the Myrtle Beach-Conway MMSA assessment area is Low Satisfactory. Lending levels reflect good responsiveness to the assessment area's credit needs. The geographic distribution of loans reflects adequate penetration throughout the assessment area, and borrower profile reflects adequate penetration among retail customers of different income levels and business customers of different sizes. In addition, the bank uses flexible lending practices and originated an adequate level of community development loans.

Lending Activity

Lending levels reflect good responsiveness to the assessment area's credit needs. The core tables in Appendix D detail the number and dollar volume of HMDA and CRA loans in the Myrtle Beach-Conway MMSA assessment area.

Geographic Distribution

The overall geographic distribution of loans reflects adequate penetration throughout the assessment area.

The geographic distribution of HMDA loans reflects adequate penetration throughout the assessment area. The bank's lending performance in low-income census tracts was comparable to both the demographic and aggregate lending data. Lending in moderate-income census tracts was slightly below demographic and aggregate lending data.

The geographic distribution of small business loans reflects good penetration throughout the assessment area. Small business lending in low-income census tracts was above both the demographic and aggregate lending data. Lending in the moderate-income census tracts was below the demographic and aggregate lending data in 2017; however, it was above the demographic data in 2018.

Borrower Profile

The overall distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes.

The distribution of borrowers, with regard to HMDA loans, reflects adequate penetration among retail customers of different income levels. Lending performance to low-income borrowers was slightly below the percent of low-income families, when families below the poverty level are considered, and slightly higher than aggregate lending data. Lending to moderate-income borrowers was slightly below demographic but comparable to aggregate lending data.

The distribution of borrowers, with regard to small business loans, reflects adequate penetration among business customers of different sizes. The bank originated 41.9 percent of small business loans to businesses with gross annual revenues of \$1 million or less. This performance was below demographic data and below aggregate lending data, but not unreasonable. Lending performance significantly increased in 2018 to 54.7 percent, but remained below demographic data. The bank's performance is reasonable, given the highly competitive nature of the assessment area for small business lending and the significant improvement in the bank's lending performance in 2018.

Community Development Lending

South State Bank has originated an adequate level of community development loans in the Myrtle Beach-Conway MMSA assessment area. During this evaluation period, the bank originated six community development loans totaling \$10.6 million. This represented 2.3 percent by number and 2.1 percent by dollar volume of total bank-wide community development loans, which was below the bank's overall lending levels at 6.7 percent in the Myrtle Beach-Conway MSA assessment area. Regarding the community development purpose, three loans supported affordable housing, two loans supported economic development, and one loan supported revitalization or stabilization. Examples of community development loans included a \$7.5 million line of credit to an organization that promotes economic development by providing services to small businesses, and a \$70,000 loan through CICCER to construct a 58-unit affordable housing apartment complex for low- and moderate-income seniors.

INVESTMENT TEST

The Investment Test performance is rated Outstanding in the Myrtle Beach-Conway MMSA assessment area. The bank has an excellent level of qualified investments relative to the bank's operations in this assessment area, and exhibits good responsiveness to credit and community economic development needs. The bank's qualified investments in the assessment area totaled \$9.9 million or 8.4 percent of total bank-wide qualified community development investments. This investments total included new municipal bonds totaling \$1.1 million; MBSs totaling \$511,000; federal LIHTCs totaling \$7.8 million; prior period investments supporting affordable housing totaling \$433,000; and 34 donations totaling \$49,000. Of the donations, \$3,000 benefitted affordable housing, \$37,000 benefitted community services, \$4,000 benefitted economic development, and \$5,000 benefitted revitalization or stabilization.

SERVICE TEST

The Service Test rating for this institution is Low Satisfactory in the Myrtle Beach-Conway MMSA assessment area. The bank operates eight branches in this assessment area, one in moderate-, five in middle, and two in upper-income census tracts, which represents 5.2 percent of all branches. The branching distribution is comparable to the low- and moderate-income percentage of the population in the respective geographies and the delivery systems are reasonably accessible to essentially all portions of the assessment areas. The opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies. The bank closed two branches in moderate-income census tracts in this assessment area during the evaluation period. The bank provides an adequate level of community development services. The bank provided 20 community development services, which represented 1.7 percent of the bank's activities and equated to 0.8 community development services per branch per year. The following are examples of community development services provided in this assessment area.

- Several employees provided financial literacy training sessions to schools throughout the assessment area where the majority of the students were from low- and moderate-income families.
- Bank employee served on the board's finance committee of an economic development organization.

APPENDIX A

SCOPE OF EVALUATION			
TIME PERIOD REVIEWED	The lending test included loans reported pursuant to the HMDA and CRA data collection requirements for 2017 and 2018. Community development lending and the investment and service tests covered November 1, 2016, through September 16, 2019. The branch office distribution period is from September 30, 2016, through June 30, 2019.		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
South State Bank	Home mortgage loans, small business loans, community development loans, investments, and services		
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None			

LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Charleston-North Charleston, SC Metropolitan Statistical Area (MSA)	Full		
Columbia, SC MSA	Full	1	
Florence, SC MSA	Full		
Greenville-Anderson-Mauldin, SC MSA	Limited		
Hilton Head Island-Bluffton-Beaufort, SC MSA	Limited		
Spartanburg, SC MSA	Limited		
Sumter, SC MSA	Limited		
SC Non – MSA	Full		
Athens – Clarke County, GA MSA	Limited		
Atlanta-Sandy Springs-Roswell, GA MSA	Limited		
Gainesville, Ga MSA	Full		
Savannah, GA MSA	Full		
GA Non – MSA	Full		
Raleigh, NC MSA	Limited		New since last evaluation
Wilmington, NC MSA	Full		
Richmond, VA MSA	Full		New since last evaluation
Augusta-Richmond County, GA-SC MMSA	Full		
Charlotte-Concord-Gastonia- NC SC MMSA	Full		
Myrtle Beach-Conway-North Myrtle Beach-SC NC MMSA	Full		

APPENDIX B

SUMMARY OF STATE AND MULTISTATE METROPOLITAN AREA RATINGS

State or Multistate Metropolitan Area Name	Lending Test Rating	Investment Test Rating	Service Test Rating	Overall State Rating
South Carolina	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
Georgia	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
North Carolina	Low Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
Virginia	Low Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
Charlotte-Concord-Gastonia NC-SC MMSA	Low Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
Augusta-Richmond County GA-SC MMSA	Low Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
Myrtle Beach-Conway-North Myrtle NC-SC MMSA	Low Satisfactory	Outstanding	Low Satisfactory	Satisfactory

APPENDIX C

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.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms;
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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. Other family 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).

Family Income: Includes the income of all members of a family that are age 15 and older.

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancing of home improvement and home purchase loans.

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

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, 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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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 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.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

APPENDIX D – LENDING PERFORMANCE TABLES

SOUTH CAROLINA: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Charleston MSA	1,031	347,899	31.5	32,494	3.3	2.2	2.0	19.1	12.0	13.1	42.4	37.5	45.8	34.9	47.3	38.8	0.3	0.9	0.4
Columbia MSA	338	84,564	10.3	22,790	3.1	0.0	1.6	22.4	13.6	13.6	33.3	22.8	30.5	41.1	63.6	54.2	0.0	0.0	0.0
Florence MSA	163	18,031	5.0	3,651	1.3	0.0	0.4	16.5	14.7	11.6	51.9	39.3	46.5	30.3	46.0	41.6	0.0	0.0	0.0
Greenville MSA	761	192,147	23.2	26,411	3.1	3.7	2.4	20.9	11.2	14.8	43.6	38.8	41.7	32.4	46.4	41.2	0.0	0.0	0.0
Hilton Head MSA	425	129,649	13.0	9,027	0.0	0.0	0.0	27.1	25.9	17.5	45.1	49.4	55.7	27.8	24.7	26.8	0.0	0.0	0.0
SC Non MSA	457	89,564	14.0	8,213	0.5	0.0	0.1	8.3	6.1	5.6	58.9	47.9	46.2	32.4	46.0	48.1	0.0	0.0	0.0
Spartanburg MSA	83	18,925	2.5	9,349	2.0	3.6	1.0	18.8	7.2	10.9	47.6	33.7	46.1	31.5	55.4	42.0	0.0	0.0	0.0
Sumter MSA	16	1,300	0.5	2,249	0.0	0.0	0.0	15.4	12.5	8.0	64.1	68.8	61.8	20.5	18.8	30.2	0.0	0.0	0.0
Total	3,274	882,079	100.0	114,184	2.3	1.6	1.5	19.0	13.0	13.1	44.9	39.4	43.0	33.8	45.7	42.3	0.1	0.3	0.1
Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

SOUTH CAROLINA: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Charleston MSA	1,031	347,899	31.5	32,494	22.6	6.0	4.8	16.7	16.5	17.2	19.9	20.1	21.7	40.8	54.0	40.2	0.0	3.4	16.0
Columbia MSA	338	84,564	10.3	22,790	22.8	7.1	7.5	16.2	11.8	17.5	19.2	16.9	20.2	41.8	56.2	32.9	0.0	8.0	21.9
Florence MSA	163	18,031	5.0	3,651	23.5	6.1	5.6	16.2	25.2	16.9	19.9	23.9	20.4	40.4	39.3	39.4	0.0	5.5	17.7
Greenville MSA	761	192,147	23.2	26,411	22.9	2.8	4.6	17.1	13.8	16.4	18.8	18.7	21.0	41.2	60.3	41.9	0.0	4.5	16.1
Hilton Head MSA	425	129,649	13.0	9,027	20.1	5.9	3.4	19.5	12.9	13.5	20.0	19.3	20.1	40.4	57.4	51.4	0.0	4.5	11.6
SC Non MSA	457	89,564	14.0	8,213	20.2	4.2	3.2	16.8	14.0	10.7	17.8	17.9	18.5	45.2	58.0	51.0	0.0	5.9	16.7
Spartanburg MSA	83	18,925	2.5	9,349	21.8	4.8	4.6	17.6	12.0	18.1	19.0	20.5	22.6	41.6	60.2	37.1	0.0	2.4	17.6
Sumter MSA	16	1,300	0.5	2,249	20.1	6.3	3.3	19.8	31.3	10.4	19.3	12.5	21.5	40.7	37.5	44.6	0.0	12.5	20.2
Total	3,274	882,079	100.0	114,184	22.2	5.1	5.1	17.0	15.0	16.3	19.2	19.2	20.9	41.7	56.0	40.6	0.0	4.7	17.2
Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

SOUTH CAROLINA: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2017**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Charleston MSA	318	62,368	14.9	14,747	7.7	7.9	7.0	19.8	24.8	16.6	33.7	26.7	32.1	37.1	38.4	42.6	1.6	2.2	1.7
Columbia MSA	535	72,994	25.0	11,785	10.2	10.8	7.3	22.4	13.6	20.7	30.9	24.9	31.3	35.8	50.7	40.5	0.7	0.0	0.2
Florence MSA	82	12,482	3.8	2,234	4.0	4.9	3.0	25.2	19.5	20.7	40.0	28.0	40.3	30.7	47.6	36.0	0.1	0.0	0.0
Greenville MSA	520	96,809	24.3	14,619	5.9	9.4	5.6	19.2	15.8	16.6	39.7	39.8	38.4	35.2	35.0	39.4	0.0	0.0	0.0
Hilton Head MSA	327	36,662	15.3	4,822	0.0	0.0	0.0	26.2	51.7	26.7	48.3	35.2	46.0	25.5	13.2	27.4	0.0	0.0	0.0
SC Non MSA	287	43,254	13.4	4,928	1.0	0.3	0.6	9.6	11.8	7.6	52.1	50.2	47.2	37.4	37.6	44.6	0.0	0.0	0.0
Spartanburg MSA	42	8,622	2.0	4,591	2.3	4.8	1.6	24.3	16.7	20.5	41.2	33.3	42.7	32.2	45.2	35.2	0.0	0.0	0.0
Sumter MSA	29	1,807	1.4	1,082	0.0	0.0	0.0	37.0	69.0	40.3	50.1	27.6	48.7	12.9	3.4	11.0	0.0	0.0	0.0
Total	2,140	334,998	100.0	58,808	5.7	6.5	4.9	20.6	22.4	18.4	38.8	34.1	37.4	34.3	36.7	38.9	0.5	0.3	0.5

Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0

SOUTH CAROLINA: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2017
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Charleston MSA	318	62,368	14.9	14,747	82.2	43.4	49.5	5.8	34.0	12.0	22.6
Columbia MSA	535	72,994	25.0	11,785	80.1	33.8	51.3	6.0	55.1	13.9	11.0
Florence MSA	82	12,482	3.8	2,234	78.9	46.3	43.6	6.3	24.4	14.8	29.3
Greenville MSA	520	96,809	24.3	14,619	80.9	36.9	50.1	6.3	46.0	12.7	17.1
Hilton Head MSA	327	36,662	15.3	4,822	83.9	33.6	50.1	5.8	38.8	10.4	27.5
SC Non-MSA	287	43,254	13.4	4,928	80.6	42.2	50.5	5.3	26.1	14.1	31.7
Spartanburg MSA	42	8,622	2.0	4,591	79.6	35.7	49.6	6.8	31.0	13.6	33.3
Sumter MSA	29	1,807	1.4	1,082	81.5	20.7	46.5	5.1	65.5	13.3	13.8
Total	2,140	334,998	100.0	58,808	81.0	37.4	49.9	6.0	41.9	13.0	20.7
Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0											

GEORGIA: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Athens MSA	20	3,339	3.9	2,860	14.0	0.0	9.9	10.5	10.0	8.7	46.4	55.0	50.1	29.1	35.0	31.2	0.0	0.0	0.1
Atlanta MSA	19	3,222	3.7	16,274	0.0	0.0	0.0	9.2	15.8	11.7	46.9	57.9	47.2	43.8	26.3	41.0	0.0	0.0	0.0
GA Non-MSA	186	17,905	36.1	11,143	0.0	0.0	0.0	4.3	5.9	2.3	57.5	52.2	51.6	38.2	41.9	46.1	0.0	0.0	0.0
Gainesville MSA	18	3,203	3.5	6,878	1.2	5.6	0.7	12.4	16.7	13.5	44.6	50.0	41.6	41.8	27.8	44.2	0.0	0.0	0.0
Savannah MSA	272	82,417	52.8	10,670	4.9	1.8	2.4	20.5	16.9	14.6	33.6	29.8	31.0	41.0	51.5	52.0	0.0	0.0	0.0
Total	515	110,086	100.0	47,825	2.1	1.2	1.2	10.9	12.6	10.2	46.7	40.6	44.0	40.3	45.6	44.5	0.0	0.0	0.0
Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

GEORGIA: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Athens MSA	20	3,339	3.9	2,860	32.2	5.0	5.9	14.3	20.0	14.9	16.7	15.0	18.6	36.7	50.0	41.2	0.0	10.0	19.4
Atlanta MSA	19	3,222	3.7	16,274	18.5	10.5	5.4	16.7	0.0	18.0	19.6	31.6	22.0	45.2	36.8	37.5	0.0	21.1	17.2
GA Non-MSA	186	17,905	36.1	11,143	17.2	7.0	2.2	16.8	22.0	9.8	19.2	20.4	16.7	46.8	43.5	53.9	0.0	7.0	17.5
Gainesville MSA	18	3,203	3.5	6,878	20.6	0.0	5.0	18.0	11.1	16.9	20.3	38.9	19.3	41.0	33.3	40.0	0.0	16.7	18.8
Savannah MSA	272	82,417	52.8	10,670	24.1	2.9	4.2	16.5	9.6	12.7	20.1	14.7	20.8	39.3	61.0	39.4	0.0	11.8	22.9
Total	515	110,086	100.0	47,825	20.8	4.7	4.4	16.7	14.2	14.6	19.5	18.3	19.9	42.9	52.4	42.3	0.0	10.5	18.9
Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

GEORGIA: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2017**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Athens MSA	23	2,562	4.6	1,929	18.1	17.4	16.2	9.8	17.4	11.1	41.0	30.4	43.5	28.6	34.8	28.6	2.5	0.0	0.6
Atlanta MSA	46	7,926	9.2	7,720	0.0	0.0	0.0	13.8	43.5	12.1	47.0	39.1	49.1	39.1	17.4	38.8	0.0	0.0	0.0
GA Non-MSA	150	18,120	29.9	5,334	0.0	0.0	0.0	5.8	14.7	5.4	59.2	56.0	55.7	35.0	29.3	38.9	0.0	0.0	0.0
Gainesville MSA	41	10,638	8.2	4,124	9.6	7.3	8.4	17.4	24.4	15.7	40.7	53.7	43.3	32.2	14.6	32.5	0.0	0.0	0.0
Savannah MSA	242	52,661	48.2	6,562	8.1	10.3	8.9	22.6	23.6	21.0	34.2	38.8	33.5	34.7	27.3	36.4	0.4	0.0	0.1
Total	502	91,907	100.0	25,669	5.2	6.4	4.9	14.5	22.5	13.5	45.0	44.8	45.2	35.0	26.3	36.4	0.3	0.0	0.1

Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

GEORGIA: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues **2017**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Athens MSA	23	2,562	4.6	1,929	80.7	52.2	47.5	5.2	30.4	14.2	17.4
Atlanta MSA	46	7,926	9.2	7,720	89.8	23.9	52.9	3.7	67.4	6.6	8.7
GA Non-MSA	150	18,120	29.9	5,334	86.9	47.3	51.2	3.6	24.0	9.5	28.7
Gainesville MSA	41	10,638	8.2	4,124	85.6	31.7	47.9	5.8	43.9	8.5	24.4
Savannah MSA	242	52,661	48.2	6,562	82.4	31.0	46.6	5.6	47.1	11.9	21.9
Total	502	91,907	100.0	25,669	85.7	36.3	49.7	4.6	41.0	9.7	22.7

Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

NORTH CAROLINA: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Raleigh MSA	5	1,211	6.8	39,900	2.1	0.0	2.2	19.2	20.0	18.4	34.3	40.0	35.3	44.5	40.0	44.1	0.0	0.0	0.0
Wilmington MSA	68	18,463	93.2	11,832	4.9	5.9	4.6	14.4	4.4	8.9	44.4	41.2	48.8	36.3	48.5	37.6	0.0	0.0	0.0
Total	73	19,674	100.0	51,732	2.7	5.5	2.8	18.1	5.5	16.2	36.5	41.1	38.4	42.7	47.9	42.7	0.0	0.0	0.0
Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

NORTH CAROLINA: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Raleigh MSA	5	1,211	6.8	39,900	19.9	0.0	5.9	16.2	20.0	15.9	18.8	0.0	21.0	45.1	80.0	43.9	0.0	0.0	13.3
Wilmington MSA	68	18,463	93.2	11,832	22.7	4.4	4.3	17.6	10.3	15.3	18.4	5.9	20.0	41.3	76.5	46.0	0.0	2.9	14.4
Total	73	19,674	100.0	51,732	20.5	4.1	5.5	16.5	11.0	15.7	18.7	5.5	20.8	44.3	76.7	44.4	0.0	2.7	13.6
Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

NORTH CAROLINA: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2017**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Raleigh MSA	7	2,741	11.3	24,415	3.9	14.3	4.1	19.2	0.0	17.6	31.9	0.0	31.8	44.7	85.7	46.4	0.2	0.0	0.1
Wilmington MSA	55	8,296	88.7	6,883	13.5	12.7	11.1	12.1	16.4	10.4	33.6	34.5	37.7	40.4	36.4	40.6	0.3	0.0	0.2
Total	62	11,037	100.0	31,298	5.8	12.9	5.6	17.8	14.5	16.0	32.2	30.6	33.1	43.9	41.9	45.1	0.2	0.0	0.1

Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

NORTH CAROLINA: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues **2017**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Raleigh MSA	7	2,741	11.3	24,415	85.8	0.0	54.4	4.9	100.0	9.3	0.0
Wilmington MSA	55	8,296	88.7	6,883	84.1	52.7	50.1	5.5	25.5	10.5	21.8
Total	62	11,037	100.0	31,298	85.4	46.8	53.5	5.0	33.9	9.6	19.4

Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

VIRGINIA: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Richmond MSA	3	2,023	100.0	36,074	4.5	0.0	3.9	15.3	33.3	15.2	38.6	0.0	36.5	41.5	66.7	44.4	0.0	0.0	0.0
Total	3	2,023	100.0	36,074	4.5	0.0	3.9	15.3	33.3	15.2	38.6	0.0	36.5	41.5	66.7	44.4	0.0	0.0	0.0
Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

VIRGINIA: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Richmond MSA	3	2,023	100.0	36,074	20.1	0.0	8.0	17.4	0.0	19.6	19.9	0.0	21.2	42.7	33.3	33.8	0.0	66.7	17.4
Total	3	2,023	100.0	36,074	20.1	0.0	8.0	17.4	0.0	19.6	19.9	0.0	21.2	42.7	33.3	33.8	0.0	66.7	17.4
Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

VIRGINIA: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2017
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Richmond MSA	6	2,535	100.0	19,430	5.9	0.0	5.1	20.5	33.3	18.0	33.1	33.3	32.8	40.1	33.3	43.9	0.4	0.0	0.1
Total	6	2,535	100.0	19,430	5.9	0.0	5.1	20.5	33.3	18.0	33.1	33.3	32.8	40.1	33.3	43.9	0.4	0.0	0.1
Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

VIRGINIA: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2017
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Richmond MSA	6	2,535	100.0	19,430	84.3	33.3	54.2	5.4	33.3	10.3	33.3
Total	6	2,535	100.0	19,430	84.3	33.3	54.2	5.4	33.3	10.3	33.3
Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0											

CHARLOTTE-CONCORD-GASTONIA, NC-SC MSA:																			2017
Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Charlotte-Concord MMSA	714	258,286	100.0	75,090	3.6	4.8	2.9	21.3	11.5	18.3	35.8	31.5	32.3	39.3	52.1	46.5	0.0	0.1	0.1
Total	714	258,286	100.0	75,090	3.6	4.8	2.9	21.3	11.5	18.3	35.8	31.5	32.3	39.3	52.1	46.5	0.0	0.1	0.1
Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

CHARLOTTE-CONCORD-GASTONIA, NC-SC MSA: 2017																			
Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Charlotte-Concord MMSA	714	258,286	100.0	75,090	22.5	1.8	5.8	16.8	7.8	17.3	18.6	14.8	19.5	42.1	70.2	41.9	0.0	5.3	15.5
Total	714	258,286	100.0	75,090	22.5	1.8	5.8	16.8	7.8	17.3	18.6	14.8	19.5	42.1	70.2	41.9	0.0	5.3	15.5
Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

CHARLOTTE-CONCORD-GASTONIA, NC-SC MSA:																			2017
Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Charlotte-Concord MMSA	529	99,662	100.0	42,718	7.8	8.3	7.3	21.3	25.7	19.5	27.1	34.4	27.6	42.9	30.1	45.0	0.9	1.5	0.6
Total	529	99,662	100.0	42,718	7.8	8.3	7.3	21.3	25.7	19.5	27.1	34.4	27.6	42.9	30.1	45.0	0.9	1.5	0.6
Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

CHARLOTTE-CONCORD-GASTONIA, NC-SC MSA:											2017
Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Charlotte-Concord MMSA	529	99,662	100.0	42,718	83.6	37.6	51.1	6.0	50.1	10.5	12.3
Total	529	99,662	100.0	42,718	83.6	37.6	51.1	6.0	50.1	10.5	12.3
Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0											

AUGUSTA-RICHMOND COUNTY, GA-SC MSA: 2017																			
Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Augusta-Richmond MMSA	864	175,012	100.0	16,320	4.3	1.5	1.7	20.6	8.7	11.4	39.0	33.3	39.5	36.1	56.5	47.4	0.0	0.0	0.0
Total	864	175,012	100.0	16,320	4.3	1.5	1.7	20.6	8.7	11.4	39.0	33.3	39.5	36.1	56.5	47.4	0.0	0.0	0.0
Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

AUGUSTA-RICHMOND COUNTY, GA-SC MSA: 2017																			
Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Augusta-Richmond MMSA	864	175,012	100.0	16,320	23.4	4.1	4.6	15.8	15.0	15.0	18.1	22.3	21.0	42.7	54.4	35.7	0.0	4.2	23.7
Total	864	175,012	100.0	16,320	23.4	4.1	4.6	15.8	15.0	15.0	18.1	22.3	21.0	42.7	54.4	35.7	0.0	4.2	23.7
Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

AUGUSTA-RICHMOND COUNTY, GA-SC MSA:																			2017
Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Augusta-Richmond MMSA	526	78,603	100.0	7,026	8.2	7.0	7.3	20.7	10.5	16.4	32.7	31.7	31.4	38.3	50.8	44.9	0.0	0.0	0.0
Total	526	78,603	100.0	7,026	8.2	7.0	7.3	20.7	10.5	16.4	32.7	31.7	31.4	38.3	50.8	44.9	0.0	0.0	0.0
Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

AUGUSTA-RICHMOND COUNTY, GA-SC MSA:											2017
Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Augusta-Richmond MMSA	526	78,603	100.0	7,026	83.2	41.6	49.6	4.8	29.1	12.0	29.3
Total	526	78,603	100.0	7,026	83.2	41.6	49.6	4.8	29.1	12.0	29.3
Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0											

MYRTLE BEACH-CONWAY-NORTH MYRTLE BEACH, SC-NC MSA:																			2017
Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Myrtle Beach-Conway MMSA	695	143,569	100.0	22,367	0.4	0.3	0.6	16.1	8.2	12.0	64.9	65.0	64.9	18.4	26.5	22.4	0.2	0.0	0.2
Total	695	143,569	100.0	22,367	0.4	0.3	0.6	16.1	8.2	12.0	64.9	65.0	64.9	18.4	26.5	22.4	0.2	0.0	0.2
Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

MYRTLE BEACH-CONWAY-NORTH MYRTLE BEACH, SC-NC MSA: 2017																			
Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Myrtle Beach-Conway MMSA	695	143,569	100.0	22,367	20.1	3.5	3.4	18.4	10.8	12.7	21.3	19.6	19.4	40.3	64.2	52.2	0.0	2.0	12.2
Total	695	143,569	100.0	22,367	20.1	3.5	3.4	18.4	10.8	12.7	21.3	19.6	19.4	40.3	64.2	52.2	0.0	2.0	12.2
Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

MYRTLE BEACH-CONWAY-NORTH MYRTLE BEACH, SC-NC MSA:																			2017
Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Myrtle Beach-Conway MMSA	93	15,918	100.0	9,574	4.5	6.5	4.9	16.0	9.7	15.3	57.2	68.8	58.3	21.8	15.1	21.0	0.5	0.0	0.5
Total	93	15,918	100.0	9,574	4.5	6.5	4.9	16.0	9.7	15.3	57.2	68.8	58.3	21.8	15.1	21.0	0.5	0.0	0.5
Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

MYRTLE BEACH-CONWAY-NORTH MYRTLE BEACH, SC-NC MSA:											2017
Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Myrtle Beach-Concord MMSA	93	15,918	100.0	9,574	84.2	41.9	56.2	4.9	46.2	10.9	11.8
Total	93	15,918	100.0	9,574	84.2	41.9	56.2	4.9	46.2	10.9	11.8
Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0											