



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

January 07, 2008

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CommunityONE Bank, N. A.  
Charter Number: 8953

101 Sunset Avenue  
Asheboro, NC 27203-0000

Office of the Comptroller of the Currency

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

## Table of Contents

<b>OVERALL CRA RATING .....</b>	<b>1</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>2</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>6</b>
<b>SCOPE OF THE EVALUATION .....</b>	<b>8</b>
<b>FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....</b>	<b>10</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS .....</b>	<b>11</b>
LENDING TEST .....	11
INVESTMENT TEST .....	29
SERVICE TEST .....	31
<b>APPENDIX A: SCOPE OF EXAMINATION .....</b>	<b>A-36</b>
<b>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS .....</b>	<b>B-37</b>
<b>APPENDIX C: TABLES OF PERFORMANCE DATA .....</b>	<b>C-1</b>

## Overall CRA Rating

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

The following table indicates the performance level of CommunityONE Bank, N. A. with respect to the Lending, Investment, and Service Tests:

Performance Levels	CommunityONE Bank, N. A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory			
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- Lending levels reflect a good responsiveness to community credit needs;
- A substantial majority of home mortgage loans and small loans to businesses are originated within the bank’s combined assessment areas;
- The distribution of home mortgage loans and small loans to businesses by income level of the geography is excellent;
- The distribution of home mortgage loans and small loans to businesses by income level of the borrower is excellent;
- The bank’s community development lending had a positive impact on the lending test rating;
- Product flexibility had a positive impact on the lending test rating;
- The bank made an adequate level of qualified community development investments, donations, and grants;
- Service delivery systems are accessible to individuals of different income levels in the assessment area;
- The bank provides a limited level of community development services.

## Definitions and Common Abbreviations

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

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

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

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

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

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

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

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and

sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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

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

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

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

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

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

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

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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

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

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

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

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

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

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If

an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

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

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

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

## Description of Institution

CommunityONE Bank, N.A. (COB), formerly known as First National Bank and Trust, is an intrastate community bank headquartered in Asheboro, North Carolina. As of September 30, 2007, COB had total assets of \$1.89 billion and tier one capital of \$153 million. COB was founded in 1907, and is wholly owned by FNB United Corp. (FNBUC), a \$279 million one-bank holding company headquartered in Asheboro, North Carolina. COB has two wholly owned subsidiaries. The first is Dover Mortgage Company, which originates, underwrites, and closes loans for sale into the secondary market. The second is First National Investor Services, Inc. (FNIS). FNIS is named as Trustee on mortgage documents originated by the bank, and it provides indirect automobile financing to those who need private transportation and are not served through traditional banking services. Subsidiary activities were not considered and had no impact on the bank's CRA performance.

Since the last evaluation, COB has expanded through internal growth and acquisitions. During the evaluation period, the holding company merged three state chartered banks into COB, and COB opened three new branches. No branches were closed during the evaluation period. The following highlights COB's merger activity as well as new branch activity and the corresponding changes to COB's assessment area:

- In December 2004, Rowan Bank, which was a subsidiary of FNBUC, was merged into COB. COB acquired 3 branches with this merger, and expanded its assessment area to include all of Rowan and Iredell counties and a portion of Cabarrus County.
- During 2004, COB opened a Loan Production Office (LPO) in Guilford County, and then converted the LPO into a full service branch in May 2005. In turn, COB expanded its assessment area to include all of Guilford County.
- In 2006, Alamance Bank, which was a subsidiary of FNBUC, was merged into COB. COB acquired 3 branches with this merger, and expanded its assessment area to include all of Alamance and Orange counties.
- In early 2006, a new office was opened in Guilford County. COB's assessment area was not impacted by this new branch.
- Also in 2006, First Gaston Bank, which was a subsidiary of FNBUC, was merged into COB. COB acquired 17 branches with this merger, and expanded its assessment area to include all of Alexander, Catawba, Wilkes, Ashe, Watauga, and Gaston counties.
- Finally, in September 2006, COB opened a new branch in Rowan County. COB's assessment area was not impacted by this new branch opening.

The mergers and new branches discussed above increased COB's branch network from 17 to 43 offices, and COB's assessment area now includes all of Randolph, Guilford, Montgomery, Richmond, Scotland, Moore, Gaston, Alamance, Alexander, Catawba, Chatham, Orange, Ashe, Watauga, Wilkes, Iredell, and Rowan counties, and a portion of Cabarrus County.

COB remains a community bank that offers a full range of banking and financial services to businesses and consumers at its 43 branch locations. All 43 branches have extended Friday evening hours, drive-through services, and automated teller machines (ATMs). There are 2 branches in Gaston County, 2 branches in Rowan County, 1 branch in Randolph County, 1 branch in Guilford County, and 1 branch in Catawba County that offer Saturday morning hours. Two of the seven branches that offer Saturday hours are located in a moderate-income geography. The branch activities are fully discussed in the Service Test section of this Performance Evaluation.

Since the last Community Reinvestment Act Examination, total assets increased from \$620 million as of June 30, 2003 to \$1.89 billion as of September 30, 2007, and net loans increased from \$420 million as of June 30, 2003 to \$1.4 billion as of September 30, 2007. This growth is primarily attributed to the bank mergers discussed above. As of September 30, 2007, net loans and leases represented 74% of total assets. The loan portfolio mix is 26% residential real estate loans, 25% commercial real estate loans, 23% construction loans, 19% commercial and industrial loans, 3% consumer loans, 2% agricultural loans, and 2% other loans.

Competition is very strong and includes local community banks, regional banks, larger national banks, national non-bank financial institutions, and mortgage companies. COB's primary competitors include: Wachovia Bank, NA, Bank of America, NA, Suntrust Bank, and Branch Banking and Trust Company.

There are no financial or legal impediments to hinder COB's ability to help meet the credit needs of the communities it serves.

COB's last Public Evaluation (PE) was dated November 3, 2003, and COB was assigned an overall "Satisfactory" rating.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the Lending Test, with the exception of Community Development Loans, is January 1, 2003 through September 30, 2007. However, COB's performance from January 1, 2003 through December 31, 2003 was not evaluated because it is not reflective of current lending practices when taking into consideration the significant merger activity. Therefore, conclusions regarding the bank's lending performance are based on small business and home mortgage reportable loans from January 1, 2004 through September 30, 2007. For Community Development (CD) Loans, and the Investment and Service Tests, the evaluation period is from November 3, 2003 through January 7, 2008.

For the Lending Test, it is important to note that the evaluation period and the analysis was separated into three distinct timeframes. The first timeframe covers 1/1/04 – 12/31/04, the second timeframe covers 1/1/05 – 12/31/05, and the third timeframe covers 1/1/06 – 9/30/07. The analysis was separated into these three distinct timeframes according to the dates of the merger activity and the corresponding changes to the assessment area. We elected not to include the lending tables for the 1/1/04 - 12/31/04 timeframe and the 1/1/05 - 12/31/05 timeframe to keep the report to a reasonable size. The CD loan and investment information presented in the tables covers the full evaluation period for these items.

There were a minimal number of agricultural loans originated or purchased during the evaluation period; therefore, an analysis would not be meaningful and was not performed. Similarly, there were a minimal number of multifamily loans originated or purchased during the evaluation period; therefore, an analysis would not be meaningful and was not performed. The Lending Tables for both small loans to farms and multifamily loans have been eliminated.

### Data Integrity

Prior to this examination, we tested the accuracy of COB's Home Mortgage Disclosure Act (HMDA) and CRA or small business data. Results of this testing evidenced the data is accurate and can be relied upon for this CRA evaluation. Community Development (CD) loans, investments, and services submitted by management were also verified to ensure that they met the regulatory definition for community development.

### Selection of Areas for Full-Scope Review

For the 1/1/04-12/31/04 timeframe, we conducted full-scope reviews for the Randolph and Guilford AA - MSA 24660 and the Montgomery, Richmond, Scotland AA – Non-MSA because a majority of the bank's deposits, loans, and branches were located in these assessment areas. We conducted limited scope reviews for the Chatham AA – MSA 20500 and the Moore AA – Non-MSA.

For the 1/1/05-12/31/05 timeframe, we conducted full-scope reviews for the Randolph and Guilford AA - MSA 24660 and the Montgomery, Richmond, Scotland AA – Non-MSA because a majority of the bank's deposits, loans, and branches were located in these assessment

areas. We conducted limited scope reviews for the Chatham AA – MSA 20500, the Moore AA – Non-MSA, the Cabarrus AA – MSA 16740, and the Rowan and Iredell AA Non-MSA.

For the 1/1/06-9/30/07 timeframe, we conducted full-scope reviews for the Randolph and Guilford AA - MSA 24660, the Montgomery, Richmond, Scotland AA – Non-MSA, and the Cabarrus and Gaston AA – MSA 16740 because a majority of the bank’s deposits, loans, and branches were located in these assessment areas. We conducted limited scope reviews for the Alamance AA – MSA 15500, the Alexander and Catawba AA – MSA 25860, the Chatham and Orange AA – MSA 20500, the Moore AA – Non-MSA, the Ashe, Watauga, and Wilkes AA – Non-MSA, and the Iredell and Rowan AA – Non-MSA.

## **Ratings**

The bank’s overall rating is based primarily on those areas that received full-scope reviews. The Lending Test was weighted more heavily than the Investment and Service Tests. In evaluating the bank’s lending performance, small business loans received slightly more weight than home mortgage loans. Approximately 60% of the loans originated from 1/1/04 – 9/30/07 were small loans to businesses, with home mortgage loans accounting for the remaining 40%.

## **Other**

We contacted three economic development organizations and two affordable housing organizations within North Carolina during the examination to identify community development needs and opportunities within the bank’s assessment areas. In the Randolph and Guilford AA - MSA 24660, the contacts indicated the primary need is job creation and small business development and education. In the Montgomery, Richmond, Scotland AA – Non-MSA, the primary need is affordable rental housing. In the Cabarrus and Gaston AA – MSA 16740, the primary needs are credit education, credit counseling, fraud prevention, and home buying seminars. In addition, local organizations that assist low- and moderate-income families with affordable housing needs and down payment assistance are in need of donations and grants. Refer to the Market Profile section in Appendix C for more information.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "Outstanding". Based on full-scope reviews, the bank's performance in the Randolph and Guilford AA – MSA 24660, the Montgomery, Richmond, Scotland AA – Non-MSA, and the Cabarrus and Gaston AA – MSA16740 is excellent.

#### Lending Activity

COB's overall lending activity was good, and the bank's lending levels reflect good responsiveness to the credit needs of the community.

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

#### **Randolph and Guilford AA - MSA 24660**

COB's overall lending activity was good in the Randolph and Guilford AA - MSA 24660, and the bank's lending levels reflect good responsiveness to the credit needs of the community.

#### **Evaluation Period - 1/1/04-12/31/04**

During this evaluation period, approximately 71% of total deposits and 67% of the bank's lending was done in this AA. Of the total loans originated in this AA, 39% were home mortgage loans and 61% were small loans to businesses. Among home mortgage loan originations, approximately 51% were home mortgage refinance loans, 36% were home purchase loans, and 13% were home improvement loans.

COB's lending market share was compared to COB's deposit market share within this AA. As of June 30, 2004, COB had a 4.43% deposit market share, ranking it 6<sup>th</sup> among 27 institutions in the market. The 2004 market share data for all mortgage data indicates COB ranked 21<sup>st</sup> out of 423 lenders with a market share of 1.04%. Based on the same 2004 market share data, COB ranked 32<sup>nd</sup> out of 335 lenders in the AA with a .75% market share in home purchase lending, 11<sup>th</sup> out of 93 lenders in the AA with a 3.43% market share in home improvement lending, and 21<sup>st</sup> out of 323 lenders with a 1.17% market share in home refinance lending. Based on the 2004 CRA aggregate data, COB ranked 10<sup>th</sup> out of 76 lenders in the AA with a market share of 2.77% in small business lending. Although the bank's market share in home purchase, home improvement, home refinance, and small business lending is below the bank's deposit market share in this AA, COB's performance is good when considering the dominance of larger regional and nationwide lenders.

#### **Evaluation Period – 1/1/05-12/31/05**

During this evaluation period, approximately 62% of total deposits and approximately 56% of the bank's lending was done in this AA. Of the total loans originated in this AA, 42% were

home mortgage loans and 58% were small loans to businesses. Among home mortgage loan originations, approximately 61% were home mortgage refinance loans, 29% were home purchase loans, and 10% were home improvement loans.

COB's lending market share was compared to COB's deposit market share within this AA. As of June 30, 2005, COB had a 5.11% deposit market share, ranking it 6<sup>th</sup> among 28 institutions in the market. The 2005 market share data for all mortgage data indicates COB ranked 25<sup>th</sup> out of 432 lenders with a market share of 0.85%. Based on the same 2005 market share data, COB ranked 50<sup>th</sup> out of 362 lenders in the AA with a 0.45% market share in home purchase lending, 15<sup>th</sup> out of 94 lenders in the AA with a 2.44% market share in home improvement lending, and 22<sup>nd</sup> out of 309 lenders with a 1.24% market share in home refinance lending. COB's 2005 small business lending market share data was unavailable. Although the bank's market share in home purchase, home improvement, and home refinance lending is below the bank's deposit market share in this AA, COB's performance is good when considering the dominance of larger regional and nationwide lenders.

#### **Evaluation Period – 1/1/06-9/30/07**

COB had 11 branches in this AA. Approximately 35% of total deposits and approximately 42% of the bank's lending was done in this AA. Of the total loans originated in this AA, 33% were home mortgage loans and 67% were small loans to businesses. Among home mortgage loan originations, approximately 46% were home mortgage refinance loans, 38% were home purchase loans, and 16% were home improvement loans.

COB's lending market share is compared to COB's deposit market share within this AA. As of June 30, 2007, COB had a 5.53% deposit market share, ranking it 6<sup>th</sup> among 29 institutions in the market. The 2006 market share data for all mortgage data indicates COB ranked 30<sup>th</sup> out of 424 lenders with a market share of 0.69%. Based on the same 2006 market share data, COB ranked 44<sup>th</sup> out of 364 lenders in the AA with a 0.46% market share in home purchase lending, 16<sup>th</sup> out of 93 lenders in the AA with a 1.97% market share in home improvement lending, and 25<sup>th</sup> out of 310 lenders with a 0.93% market share in home refinance lending. Based on the 2006 CRA aggregate data, COB ranked 14<sup>th</sup> out of 78 lenders in the AA with a market share of 2.13% in small business lending. Although the bank's market share in home purchase, home improvement, home refinance, and small business lending is below the bank's deposit market share in this AA, COB's performance is good when considering the dominance of larger regional and nationwide lenders.

#### **Montgomery, Richmond, Scotland AA - Non-MSA**

COB's lending activity was good in the Montgomery, Richmond, Scotland AA - Non-MSA, and the bank's lending levels reflect good responsiveness to the credit needs of the community.

#### **Evaluation Period - 1/1/04-12/31/04**

During this evaluation period, approximately 20% of total deposits and approximately 19% of the bank's lending was done in this AA. Of the total loans originated in this AA, 60% were home mortgage loans and 40% were small loans to businesses. Among home mortgage loan originations, approximately 54% were home mortgage refinance loans, 36% were home purchase loans, and 10% were home improvement loans.

COB's lending market share is compared to COB's deposit market share within this AA. As of June 30, 2004, COB had a 10.99% deposit market share, ranking it 4<sup>th</sup> among 9 institutions in the market. The 2004 market share data for all mortgage data indicates COB ranked 3<sup>rd</sup> out of 209 lenders with a market share of 5.37%. Based on the same 2004 market share data, COB ranked 5<sup>th</sup> out of 148 lenders in the AA with a 4.40% market share in home purchase lending, 7<sup>th</sup> out of 31 lenders in the AA with a 7.22% market share in home improvement lending, and 2<sup>nd</sup> out of 146 lenders with a 6% market share in home refinance lending. Based on the 2004 CRA aggregate data, COB ranked 7<sup>th</sup> out of 31 lenders in the AA with a market share of 4.86% in small business lending. Although the bank's market share in home purchase, home improvement, home refinance, and small business lending is below the bank's deposit market share in this AA, COB's performance is good when considering the dominance of larger regional and nationwide lenders.

#### **Evaluation Period - 1/1/05-12/31/05**

During this evaluation period, approximately 15% of total deposits and approximately 21% of the bank's lending was done in this AA. Of the total loans originated in this AA, 66% were home mortgage loans and 34% were small loans to businesses. Among home mortgage loan originations, approximately 46% were home mortgage refinance loans, 40% were home purchase loans, and 14% were home improvement loans.

COB's lending market share is compared to COB's deposit market share within this AA. As of June 30, 2005, COB had an 11.02% deposit market share, ranking it 4<sup>th</sup> among 10 institutions in the market. The 2005 market share data for all mortgage data indicates COB ranked 2<sup>nd</sup> out of 216 lenders with a market share of 6.05%. Based on the same 2005 market share data, COB ranked 4<sup>th</sup> out of 151 lenders in the AA with a 5.37% market share in home purchase lending, 4<sup>th</sup> out of 40 lenders in the AA with a 10.16% market share in home improvement lending, and 3<sup>rd</sup> out of 145 lenders with a 5.99% market share in home refinance lending. COB's 2005 small business lending market share data was unavailable. Although the bank's market share in home purchase, home improvement, and home refinance lending is below the bank's deposit market share in this AA, COB's performance is good when considering the dominance of larger regional and nationwide lenders.

#### **Evaluation Period - 1/1/06- 9/30/07**

COB had 5 branches in this AA. Approximately 8% of total deposits and approximately 9% of the bank's lending was done in this AA. Of the total loans originated in this AA, 59% were home mortgage loans and 41% were small loans to businesses. Among home mortgage loan originations, approximately 46% were home mortgage refinance loans, 41% were home purchase loans, and 13% were home improvement loans.

COB's lending market share is compared to COB's deposit market share within this AA. As of June 30, 2007, COB had a 10.74% deposit market share, ranking it 5<sup>th</sup> among 11 institutions in the market. The 2006 market share data for all mortgage data indicates COB ranked 5<sup>th</sup> out of 209 lenders with a market share of 3.99%. Based on the same 2006 market share data, COB ranked 5<sup>th</sup> out of 150 lenders in the AA with a 3.54% market share in home purchase lending, 4<sup>th</sup> out of 34 lenders in the AA with a 6.40% market share in home improvement lending, and 6<sup>th</sup> out of 148 lenders with a 4.06% market share in home refinance lending. Based on the 2006 CRA aggregate data, COB ranked 9<sup>th</sup> out of 29 lenders in the AA with a market share of 2.99% in small business lending. Although the bank's market share in home purchase, home improvement, home refinance, and small business lending is below the bank's deposit market

share in this AA, COB's performance is good when considering the dominance of larger regional and nationwide lenders.

### **Cabarrus and Gaston AA - MSA 16740**

COB's lending activity was good in the Cabarrus and Gaston AA - MSA 16740, and the bank's lending levels reflect good responsiveness to the credit needs of the community.

#### **Evaluation Period – 1/1/06-9/30/07**

COB had 5 branches in this AA. Approximately 12% of total deposits and approximately 11% of the bank's lending was done in this AA. Of the total loans originated in this AA, 26% were home mortgage loans and 74% were small loans to businesses. Among home mortgage loan originations, approximately 46% were home purchase loans, 39% were home mortgage refinance loans, and 15% were home improvement loans.

COB's lending market share is compared to COB's deposit market share within this AA. As of June 30, 2007, COB had a 4.36% market share, ranking it 7<sup>th</sup> among 22 institutions in the market. The 2006 market share data for all mortgage data indicates COB ranked 72<sup>nd</sup> out of 365 lenders with a market share of 0.27%. Based on the same 2006 market share data, COB ranked 74<sup>th</sup> out of 295 lenders in the AA with a 0.22% market share in home purchase lending, 48<sup>th</sup> out of 81 lenders in the AA with a 0.36% market share in home improvement lending, and 57<sup>th</sup> out of 258 lenders with a 0.35% market share in home refinance lending. Based on the 2006 CRA aggregate data, COB ranked 20<sup>th</sup> out of 60 lenders in the AA with a market share of 0.68% in small business lending. Although the bank's market share in home purchase, home improvement, home refinance, and small business lending is below the bank's deposit market share in this AA, COB's performance is good when considering the dominance of larger regional and nationwide lenders.

### **Distribution of Loans by Income Level of the Geography**

The geographic distribution of COB's home mortgage loans and small loans to businesses reflects an excellent penetration throughout the full scope assessment areas.

#### ***Home Mortgage Loans***

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

#### ***Small Loans to Businesses***

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

**Randolph and Guilford AA - MSA 24660**

The geographic distribution of home mortgage loans and small loans to businesses is excellent when considering the strong competition from other larger regional and national institutions.

During all of the evaluation periods, home mortgage lending opportunities in low-income geographies were limited. Of the 144,493 owner-occupied units in the assessment area, only 2,715 owner-occupied units were located in low-income geographies. Furthermore, COB is competing with larger, nationwide mortgage lenders for these limited opportunities. The limited lending opportunities in low-income geographies and the strong competition from larger, nationwide mortgage lenders were considered in our analysis of home mortgage lending in low-income geographies. Due to the limited lending opportunities in low-income geographies, more weight was placed on the geographic distribution of home mortgage loan products in moderate-income geographies.

During all of the evaluation periods, small business lending opportunities in low-income geographies were limited. Of the 37,463 small businesses in the AA, only 1,415 were located in low-income geographies. Furthermore, COB is competing with larger, nationwide lenders who offer small business credit cards. The limited lending opportunities in low-income geographies and the strong competition from larger, nationwide lenders were considered in our geographic loan analysis of small loans to business lending in low-income geographies. Due to the limited lending opportunities in low-income geographies, more weight was placed on the geographic distribution of small loans to businesses in moderate-income geographies.

**Evaluation Period - 1/1/04-12/31/04*****Home Purchase Lending***

The geographic distribution of home purchase lending is excellent. COB did not originate any home purchase loans in low-income geographies. The percentage of home purchase loans made in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies. COB's market share of home purchase loans in moderate-income geographies exceeds the bank's overall market share of home purchase loans in the AA.

***Home Improvement Lending***

The geographic distribution of home improvement lending is excellent. COB did not originate any home improvement loans in low-income geographies. The percentage of home improvement loans made in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies. COB's market share of home improvement loans in moderate-income geographies exceeds the bank's overall market share of home improvement loans in the AA.

***Home Refinance Lending***

The geographic distribution of home refinance lending is excellent. The percentage of home refinance loans made in low- and moderate-income geographies is somewhat lower than and exceeds the percentage of owner-occupied housing units in these geographies, respectively. COB's market share of home improvement loans in low- and moderate-income geographies is somewhat lower than and exceeds the bank's overall market share of home refinance loans in the AA, respectively. COB's performance in low-income geographies is excellent when considering the limited opportunities available for lending in low-income geographies and the competition for these loans.

***Small Loans to Businesses***

The geographic distribution of small loans to businesses is good. The percentage of COB's small loans to businesses in low- and moderate-income geographies is somewhat lower than and exceeds the percentage of businesses that are located in these geographies, respectively. COB's market share of small loans to businesses in low- and moderate-income geographies is lower than and exceeds the bank's overall market share of small loans to businesses in the AA, respectively.

**Evaluation Period – 1/1/05-12/31/05*****Home Purchase Lending***

The geographic distribution of home purchase lending is excellent. COB did not originate any home purchase loans in low-income geographies. The percentage of home purchase loans made in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies. COB's market share of home purchase loans in moderate-income geographies exceeds the bank's overall market share of home purchase loans in the AA.

***Home Improvement Lending***

The geographic distribution of home improvement lending is good. COB did not originate any home improvement loans in low-income geographies. The percentage of home improvement loans made in moderate-income geographies is near to the percentage of owner-occupied housing units in moderate-income geographies. COB's market share of home improvement loans in moderate-income geographies is near to the bank's overall market share of home improvement loans in the AA.

***Home Refinance Lending***

The geographic distribution of home refinance lending is excellent. The percentage of home refinance loans made in low- and moderate-income geographies is somewhat lower than and exceeds the percentage of owner-occupied housing units in these geographies, respectively. COB's market share of home refinance loans in low- and moderate-income geographies is lower than and exceeds the bank's overall market share of home refinance loans in the AA, respectively. COB's performance in low-income geographies is excellent when considering the limited opportunities available for lending in low-income geographies and the competition for these loans.

***Small Loans to Businesses***

The geographic distribution of small loans to businesses is good. COB did not originate any small loans to businesses in low-income geographies. The percentage of COB's small loans to businesses in moderate-income geographies exceeds the percentage of businesses that are located in moderate-income geographies. COB's market share of small loans to businesses was not available for 2005.

**Evaluation Period – 1/1/06-9/30/07*****Home Purchase Lending***

The geographic distribution of home purchase lending is excellent. The percentage of home purchase loans made in low- and moderate-income geographies is somewhat lower than and exceeds the percentage of owner-occupied housing units in these geographies, respectively. COB's market share of home purchase loans in low- and moderate-income geographies is

somewhat lower than and exceeds the bank's overall market share of home purchase loans in the AA, respectively.

***Home Improvement Lending***

The geographic distribution of home improvement lending is excellent. COB did not originate any home improvement loans in low-income geographies. The percentage of home improvement loans made in moderate-income geographies exceeds the percentage of owner-occupied housing units in moderate-income geographies. COB's market share of home improvement loans made in moderate-income geographies is near to the bank's overall market share of home improvement loans in the AA.

***Home Refinance Lending***

The geographic distribution of home refinance lending is excellent. The percentage of home refinance loans made in low- and moderate-income geographies is near to and exceeds the percentage of owner-occupied housing units in these geographies, respectively. COB's market share of home refinance loans made in low- and moderate-income geographies is near to and exceeds the bank's overall market share of home refinance loans in the AA, respectively. COB's performance in low-income geographies is excellent when considering the limited opportunities available for lending in low-income geographies and the competition for these loans.

***Small Loans to Businesses***

The geographic distribution of small loans to businesses is excellent. The percentage of COB's small loans to businesses made in low- and moderate-income geographies is somewhat lower than and exceeds the percentage of businesses that are located in these geographies, respectively. COB's market share of small loans to businesses in low- and moderate-income geographies is somewhat lower than and exceeds the bank's overall market share of small loans to businesses in the AA, respectively.

**Montgomery, Richmond, Scotland AA - Non-MSA**

The geographic distribution of home mortgage loans and small loans to businesses is excellent.

There were no low-income geographies in this AA; therefore, the distribution of home mortgage loans and small loans to businesses in low-income geographies did not apply and was not performed.

**Evaluation Period - 1/1/04-12/31/04**

***Home Purchase Lending***

The geographic distribution of home purchase lending is excellent. The percentage of home purchase loans made in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies. COB's market share of home purchase loans made in moderate-income geographies exceeds the bank's overall market share of home purchase loans in the AA.

***Home Improvement Lending***

The geographic distribution of home improvement lending is excellent. The percentage of home improvement loans made in moderate-income geographies exceeds the percentage of

owner-occupied housing units in these geographies. COB's market share of home improvement loans made in moderate-income geographies exceeds the bank's overall market share of home improvement loans in the AA.

***Home Refinance Lending***

The geographic distribution of home refinance lending is excellent. The percentage of home refinance loans made in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies. COB's market share of home refinance loans made in moderate-income geographies exceeds the bank's overall market share of home refinance loans in the AA.

***Small Loans to Businesses***

The geographic distribution of small loans to businesses is good. The percentage of COB's small loans to businesses in moderate-income geographies is somewhat lower than the percentage of businesses that are located in moderate-income geographies. COB's market share of small loans to businesses in moderate-income geographies exceeds the bank's overall market share of small loans to businesses in the AA.

**Evaluation Period - 1/1/05-12/31/05**

***Home Purchase Lending***

The geographic distribution of home purchase lending is excellent. The percentage of home purchase loans made in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies. COB's market share of home purchase loans made in moderate-income geographies exceeds the bank's overall market share of home purchase loans in the AA. COB's market share of 6.99% in home purchase lending in moderate-income geographies ranks them 3<sup>rd</sup> out of 54 lenders in the AA.

***Home Improvement Lending***

The geographic distribution of home improvement lending is good. The percentage of home improvement loans made in moderate-income geographies is somewhat lower than the percentage of owner-occupied housing units in these geographies. COB's market share of home improvement loans made in moderate-income geographies is near to the bank's overall market share of home improvement loans in the AA. This performance is good considering COB's market share of 7.69% in home improvement lending in moderate-income geographies ranks them 4<sup>th</sup> out of 17 lenders in the AA, and the three institutions ranked above COB are larger regional and national institutions that have a combined market share of 43.58%.

***Home Refinance Lending***

The geographic distribution of home refinance lending is excellent. The percentage of home refinance loans made in moderate-income geographies is near to the percentage of owner-occupied housing units in these geographies. COB's market share of home refinance loans made in moderate-income geographies exceeds the bank's overall market share of home refinance loans in the AA. COB's market share of 7.25% in home refinance lending in moderate-income geographies ranks them 3<sup>rd</sup> out of 57 lenders in the AA, and the two institutions ranked above COB are larger regional and national institutions.

***Small Loans to Businesses***

The geographic distribution of small loans to businesses is excellent. The percentage of COB's small loans to businesses in moderate-income geographies exceeds the percentage of

businesses that are located in moderate-income geographies. COB's market share of small loans to businesses in moderate-income geographies was not available for 2005.

**Evaluation Period - 1/1/06- 9/30/07**

***Home Purchase Lending***

The geographic distribution of home purchase lending is excellent. The percentage of home purchase loans made in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies. COB's market share of home purchase loans made in moderate-income geographies exceeds the bank's overall market share of home purchase loans in the AA.

***Home Improvement Lending***

The geographic distribution of home improvement lending is adequate. The percentage of home improvement loans made in moderate-income geographies is lower than the percentage of owner-occupied housing units in these geographies. COB's market share of home improvement loans made in moderate-income geographies is somewhat lower than the bank's overall market share of home improvement loans in the AA. This performance is adequate considering the larger nationwide mortgage lenders made the same number of home improvement loans in moderate-income geographies as COB made.

***Home Refinance Lending***

The geographic distribution of home refinance lending is excellent. The percentage of home refinance loans made in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies. COB's market share of home refinance loans made in moderate-income geographies is near to the bank's overall market share of home refinance loans in the AA.

***Small Loans to Businesses***

The geographic distribution of small loans to businesses is excellent. The percentage of COB's small loans to businesses in moderate-income geographies exceeds the percentage of businesses that are located in moderate-income geographies. COB's market share of small loans to businesses in moderate-income geographies exceeds the bank's overall market share of small loans to businesses in the AA.

**Cabarrus and Gaston AA - MSA 16740**

The geographic distribution of home mortgage loans is excellent, and the geographic distribution of small loans to businesses is good.

During all of the evaluation periods, home mortgage lending opportunities in the one low-income geography was limited. Of the 60,710 owner-occupied units in the assessment area, only 324 owner-occupied units were located in this low-income geography. Furthermore, COB is competing with larger, nationwide mortgage lenders for these limited opportunities. The limited lending opportunities in low-income geographies and the strong competition from larger, nationwide mortgage lenders were considered in our analysis of home mortgage lending in low-income geographies. Due to the limited lending opportunities in low-income geographies, more weight was placed on the geographic distribution of home mortgage loan products in moderate-income geographies.

During all of the evaluation periods, small business lending opportunities in the one low-income geography was extremely limited. Of the 13,980 small businesses in the AA, only 85 were located in this low-income geography. Furthermore, COB is competing with larger, nationwide lenders who offer small business credit cards. The limited lending opportunities in low-income geography and the strong competition from larger, nationwide lenders were considered in our geographic loan analysis of small loans to business lending in low-income geographies. Due to the limited lending opportunities in low-income geographies, more weight was placed on the geographic distribution of small loans to businesses in moderate-income geographies.

### **Evaluation Period – 1/1/06-9/30/07**

#### ***Home Purchase Lending***

The geographic distribution of home purchase lending is good. The percentage of home purchase loans made in the low-income geography exceeds the percentage of owner-occupied housing units in that geography. The percentage of home purchase loans made in moderate-income geographies is lower than the percentage of owner-occupied housing units in these geographies. COB's market share of home purchase loans in the low-income geography exceeds the bank's overall market share of home purchase loans in the AA. COB's market share of home purchase loans made in moderate-income geographies is somewhat lower than the bank's overall market share of home purchase loans in the AA. Overall, the geographic distribution of home purchase loans is good when taking into consideration the bank's exceptional performance in low-income geographies.

#### ***Home Improvement Lending***

The geographic distribution of home improvement lending is excellent. COB did not originate any home improvement loans in low-income geographies. The percentage of home improvement loans made in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies. COB's market share of home improvement loans in moderate-income geographies exceeds the bank's overall market share of home improvement loans in the AA.

#### ***Home Refinance Lending***

The geographic distribution of home refinance lending is excellent. The percentage of home refinance loans made in both the low- and moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies, respectively. COB's market share of home refinance loans in the low-income geography exceeds the bank's overall market share in home refinance loans in the AA. COB's market share of home refinance loans made in moderate-income geographies is somewhat lower than the bank's overall market share in home refinance loans in the AA.

#### ***Small Loans to Businesses***

The geographic distribution of small loans to businesses is good. COB did not originate any small loans to businesses located in the low-income geography. The percentage of small loans to businesses in moderate-income geographies is somewhat lower than the percentage of businesses that are located in these geographies. COB's market share of small loans to businesses in moderate-income geographies exceeds the bank's overall market share of small loans to businesses in the AA.

## ***Lending Gap Analysis***

Our review of the geographic distribution of loans did not detect any conspicuous or unexplained gaps in COB's lending patterns.

### ***Inside/Outside Ratio***

We performed an analysis of COB's lending within its assessment areas at the bank level as opposed to the individual AA levels. COB made a substantial majority of its home mortgage loans and small loans to businesses within the bank's combined assessment areas. During the evaluation period, 90% of the number and 86% of the dollar amount of total home mortgage and small loans to businesses were within the bank's assessment area. For all home mortgage products, 90% of the number and 86% of the dollar amount were within the bank's assessment area. The number and dollar amount of home mortgage loans originated in the combined assessment areas during the evaluation period by product type are as follows: 85% of the number and 81% of the dollar amount of home purchase loans, 97% of the number and 98% of the dollar amount of home improvement loans, and 93% of the number and 90% of the dollar amount of home refinance loans. Regarding small loans to businesses, 90% of the number and 86% of the dollar amount of total small loans to businesses were made within the assessment area. This performance factored positively into the overall analysis of the geographic distribution of lending by income level of geography.

## **Distribution of Loans by Income Level of the Borrower**

The borrower distribution of COB's home mortgage and small loans to businesses reflects an excellent dispersion among borrowers of different income levels.

### ***Home Mortgage Loans***

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

### ***Small Loans to Businesses***

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

## **Randolph and Guilford AA - MSA 24660**

The borrower distribution of home mortgage loans and small loans to businesses is excellent.

In our analysis, we considered the lack of affordability for a low-income family to purchase a home. The average median housing value in this AA was \$109,864, and a low-income family earned less than \$27,700 during 2004 and 2005 and less than \$26,800 in 2006 and 2007. Additionally, 10% of the households in this AA are below the poverty level and considered very low-income. This lack of affordability limits the opportunity for home purchase, home

improvement, and home refinance lending to low-income families; therefore, we placed more emphasis on the moderate-income performance.

### **Evaluation Period - 1/1/04-12/31/04**

#### ***Home Purchase Lending***

The borrower distribution for home purchase lending is excellent when considering the affordability of housing for low-income borrowers in the AA, as described above. The percentage of home purchase loans to low-income borrowers exceeds the percentage of low-income families in the AA. The percentage of home purchase loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA. COB's market share of home purchase loans to low-income borrowers exceeds the bank's overall market share of home purchase loans in the AA. COB's market share of home purchase loans to moderate-income borrowers is near to the bank's overall market share of home purchase loans in the AA.

#### ***Home Improvement Lending***

The borrower distribution for home improvement lending is excellent. The percentage of home improvement loans to low-income borrowers exceeds the percentage of low-income families in the AA. The percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home improvement loans to both low- and moderate-income borrowers exceeds the bank's overall market share in the AA for home improvement loans.

#### ***Home Refinance Lending***

The borrower distribution for home refinance lending is excellent. The percentage of home refinance loans to low-income borrowers is lower than the percentage of low-income families in the AA, but is good when considering the lack of affordability described above. The percentage of home refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home refinance loans to both low- and moderate-income borrowers exceeds the bank's overall market share in the AA for home refinance loans.

#### ***Small Loans to Businesses***

The borrower distribution of small loans to businesses is excellent, especially when considering the strong competition from larger, nationwide lenders who offer small business credit cards.

The percentage of small loans to businesses (businesses with gross annual revenues of \$1 million or less) exceeds the percentage of businesses in the AA. COB's market share of lending to small businesses exceeds the bank's overall market share in the AA.

### **Evaluation Period - 1/1/05-12/31/05**

#### ***Home Purchase Lending***

The borrower distribution for home purchase lending is excellent when considering the affordability of housing in the AA, as described above. The percentage of home purchase loans to low-income borrowers is lower than the percentage of low-income families in the AA, but is good when considering the lack of affordability described above. The percentage of home purchase loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home purchase loans to both low- and

moderate-income borrowers exceeds the bank's overall market share of home purchase loans in the AA.

***Home Improvement Lending***

The borrower distribution for home improvement lending is excellent. The percentage of home improvement loans to low-income borrowers exceeds the percentage of low-income families in the AA. The percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home improvement loans to both low- and moderate-income borrowers exceeds the bank's overall market share of home improvement loans in the AA.

***Home Refinance Lending***

The borrower distribution for home refinance lending is excellent. The percentage of home refinance loans to low-income borrowers is lower than the percentage of low-income families in the AA, but is good when considering the lack of affordability described above. The percentage of home refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home refinance loans to low-income borrowers exceeds the bank's overall market share of home refinance loans in the AA. COB's market share of home refinance loans to moderate-income borrowers is near to the bank's overall market share of home refinance loans in the AA.

***Small Loans to Businesses***

The borrower distribution of small loans to businesses is excellent, especially when considering the strong competition from larger, nationwide lenders who offer small business credit cards.

The percentage of small loans to businesses (businesses with gross annual revenues of \$1 million or less) exceeds the percentage of businesses in the AA. COB's market share of lending to small businesses is not available for 2005.

**Evaluation Period – 1/1/06-9/30/07**

***Home Purchase Lending***

The borrower distribution for home purchase lending is excellent when considering the affordability of housing in the AA, as described above. The percentage of home purchase loans to low-income borrowers is near to the percentage of low-income families in the AA. The percentage of home purchase loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home purchase loans to low-income borrowers exceeds the bank's overall market share of home purchase loans in the AA. COB's market share of home purchase loans to moderate-income borrowers is near to the bank's overall market share of home purchase loans in the AA.

***Home Improvement Lending***

The borrower distribution for home improvement lending is excellent. The percentage of home improvement loans to low-income borrowers exceeds the percentage of low-income families in the AA. The percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home improvement loans to low-income borrowers exceeds the bank's overall market share of home improvement loans in the AA. COB's market share of home improvement loans to moderate-

income borrowers is near to the bank's overall market share of home improvement loans in the AA.

***Home Refinance Lending***

The borrower distribution for home refinance lending is good. The percentage of home refinance loans to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. The percentage of home refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home refinance loans to low-income borrowers exceeds the bank's overall market share of home refinance loans in the AA. COB's market share of home refinance loans to moderate-income borrowers is near to the bank's overall market share of home refinance loans in the AA.

***Small Loans to Businesses***

The borrower distribution of small loans to businesses is good, especially when considering the strong competition from larger, nationwide lenders who offer small business credit cards.

The percentage of small loans to businesses (businesses with gross annual revenues of \$1 million or less) is somewhat lower than the percentage of businesses in the AA. COB's market share of lending to small businesses exceeds the bank's overall market share in the AA.

**Montgomery, Richmond, Scotland AA - Non-MSA**

The borrower distribution of home mortgage loans and small loans to businesses is excellent.

**Evaluation Period - 1/1/04-12/31/04**

***Home Purchase Lending***

The borrower distribution for home purchase lending is good. The percentage of home purchase loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA, but this performance is adequate when taking into consideration the 19% percent of families living below the poverty level in the AA. The percentage of home purchase loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home purchase loans to low-income borrowers is near to the bank's overall market share of home purchase loans in the AA. COB's market share of home purchase loans to moderate-income borrowers exceeds the bank's overall market share of home purchase loans in the AA.

***Home Improvement Lending***

The borrower distribution for home improvement lending is excellent. The percentage of home improvement loans to low-income borrowers exceeds the percentage of low-income families in the AA. The percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home improvement loans to both low- and moderate-income borrowers exceeds the bank's overall market share of home improvement loans in the AA.

***Home Refinance Lending***

The borrower distribution for home refinance lending is excellent. The percentage of home refinance loans to low-income borrowers is lower than the percentage of low-income families in the AA, but this performance is good when taking into consideration 19% of families are living

below the poverty level in the AA. The percentage of home refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home refinance loans to both low- and moderate-income borrowers exceeds the bank's overall market share of home refinance loans in the AA.

***Small Loans to Businesses***

The borrower distribution of small loans to businesses is excellent, especially when considering the strong competition from larger, nationwide lenders who offer small business credit cards.

The percentage of small loans to businesses (businesses with gross annual revenues of \$1 million or less) exceeds the percentage of businesses in the AA. COB's market share of lending to small businesses exceeds the bank's overall market share in the AA.

**Evaluation Period - 1/1/05-12/31/05**

***Home Purchase Lending***

The borrower distribution for home purchase lending is excellent. The percentage of home purchase loans to low-income borrowers is lower than the percentage of low-income families in the AA, but this performance is good when taking into consideration the 19% percent of families living below the poverty level in the AA. The percentage of home purchase loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home purchase loans to both low- and moderate-income borrowers exceeds the bank's overall market share of home purchase loans in the AA.

***Home Improvement Lending***

The borrower distribution for home improvement lending is excellent. The percentage of home improvement loans to low-income borrowers exceeds the percentage of low-income families in the AA. The percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home improvement loans to both low- and moderate-income borrowers exceeds the bank's overall market share of home improvement loans in the AA.

***Home Refinance Lending***

The borrower distribution for home refinance lending is excellent. The percentage of home refinance loans to low-income borrowers is lower than the percentage of low-income families in the AA, but this performance is good when taking into consideration the 19% percent of families living below the poverty level in the AA. The percentage of home refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home refinance loans to low-income borrowers exceeds the bank's overall market share of home refinance loans in the AA. COB's market share of home refinance loans to moderate-income borrowers is near to the bank's overall market share of home refinance loans in the AA.

***Small Loans to Businesses***

The borrower distribution of small loans to businesses is excellent, especially when considering the strong competition from larger, nationwide lenders who offer small business credit cards.

The percentage of small loans to businesses (businesses with gross annual revenues of \$1 million or less) exceeds the percentage of businesses in the AA. COB's market share of lending to small businesses is not available for 2005.

**Evaluation Period – 1/1/06-9/30/07**

***Home Purchase Lending***

The borrower distribution for home purchase lending is excellent. The percentage of home purchase loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA, but this performance is adequate when taking into consideration the 19% percent of families living below the poverty level in the AA. The percentage of home purchase loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home purchase loans to low-income borrowers exceeds the bank's overall market share of home purchase loans in the AA. COB's market share of home purchase loans to moderate-income borrowers is near to the bank's overall market share of home purchase loans in the AA.

***Home Improvement Lending***

The borrower distribution for home improvement lending is excellent. The percentage of home improvement loans to low-income borrowers exceeds the percentage of low-income families in the AA. The percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home improvement loans to both low- and moderate-income borrowers exceeds the bank's overall market share of home improvement loans in the AA.

***Home Refinance Lending***

The borrower distribution for home refinance lending is excellent. The percentage of home refinance loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA, but this performance is adequate when taking into consideration the 19% percent of families living below the poverty level in the AA. The percentage of home refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home refinance loans to both low- and moderate-income borrowers exceeds the bank's overall market share of home refinance loans in the AA.

***Small Loans to Businesses***

The borrower distribution of small loans to businesses is good, especially when considering the strong competition from larger, nationwide lenders who offer small business credit cards.

The percentage of small loans to businesses (businesses with gross annual revenues of \$1 million or less) is near to the percentage of businesses in the AA. COB's market share of lending to small businesses exceeds the bank's overall market share in the AA.

**Cabarrus and Gaston AA - MSA 16740**

The borrower distribution of home mortgage loans is excellent, and the borrower distribution of small loans to businesses is good.

**Evaluation Period – 1/1/06-9/30/07**

***Home Purchase Lending***

The borrower distribution for home purchase lending is excellent. The percentage of home purchase loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA, but the performance is adequate when taking into consideration the 11% of families living below the poverty level in this AA. The percentage of home purchase loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home purchase loans to both low- and moderate-income borrowers exceeds the bank's overall market share of home purchase loans in the AA.

### ***Home Improvement Lending***

The borrower distribution for home improvement lending is excellent. The percentage of home improvement loans to low-income borrowers is lower than the percentage of low-income families in the AA, but this performance is good when taking into consideration the 11% of families living below the poverty level in the AA. The percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home improvement loans to low- and moderate-income borrowers was not available.

### ***Home Refinance Lending***

The borrower distribution for home refinance lending is excellent. The percentage of home refinance loans to low-income borrowers is near to the percentage of low-income families in the AA. The percentage of home refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. COB's market share of home refinance loans to low-income borrowers is equal to the bank's overall market share of home refinance loans in the AA. COB's market share of home refinance loans to moderate-income borrowers exceeds the bank's overall market share of home refinance loans in the AA.

### ***Small Loans to Businesses***

The borrower distribution of small loans to businesses is good, especially when considering the strong competition from larger, nationwide lenders who offer small business credit cards.

The percentage of small loans to businesses (businesses with gross annual revenues of \$1 million or less) is somewhat lower than the percentage of businesses in the AA. COB's market share of lending to small businesses exceeds the bank's overall market share in the AA.

## **Community Development Lending**

Community Development Lending had a positive impact on the Lending Test, and the loans were responsive to the community development needs of the assessment areas.

We determined through our community contacts and our internal research that limited opportunities for community development lending exist within the full-scope assessment areas. Furthermore, competition for these loans is very strong from both large regional financial institutions and other community banks operating in the area.

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

### **Randolph and Guilford AA - MSA 24660**

Community Development Lending had a positive impact on the Lending Test, and the loans were responsive to the community development needs of the assessment area.

In 2004, COB originated a \$25 thousand line of credit to an organization whose primary purpose is to provide medical and dental care to low- and moderate-income individuals and families in Randolph County. In 2007, COB extended another \$110 thousand line of credit to this organization.

In 2007, COB purchased a \$40 thousand participation loan from a local Community Investment Corporation whose primary mission is to provide financing for the construction of multifamily rental housing units for low- and moderate-income residents. The loan proceeds from this participation loan were used to construct a 64 unit multi-family rental project for low- and moderate-income residents.

### **Montgomery, Richmond, Scotland AA - Non-MSA**

No Community Development Loans were originated or purchased in this assessment area.

### **Cabarrus and Gaston AA - MSA 16740**

No Community Development Loans were originated or purchased in this assessment area.

## **Product Innovation and Flexibility**

Product flexibility had a positive impact on the Lending Test conclusion. COB offers four home loan products that provide flexible terms and conditions to assist low- and moderate-income individuals obtain home mortgage loans. The following highlights the two flexible loan products that COB has originated loans under in order to serve the credit needs of low- and moderate-income individuals in its combined assessment area.

### First Solutions Mortgage

This home purchase loan program is designed specifically for low- and moderate-income individuals who are purchasing a home in a county where COB has a branch office. In order to qualify for this loan program, a borrower's household income must be less than 80% of the HUD estimated MSA or Non-MSA Median Family Income. The maximum loan amount is whatever can be supported by the borrower's household income and qualifying debt-to-income ratios. This is a fixed rate loan product with loan terms ranging from 10 to 30 years. Loan-to-values range from 97% to 100%, Private Mortgage Insurance is not required, and down payment money may be in the form of a gift. During the evaluation period, COB made 22 loans totaling \$1.9 million under this loan program.

### Fannie Mae Expanded Approval Mortgage

This home purchase loan program is designed to offer an alternative to higher cost non-prime loan products for borrowers who have minimal funds for down-payment and closing costs, who are first-time homebuyers, and/or who have had past credit problems in the past. This is a fixed rate loan product with loan terms ranging from 10 to 30 years. The maximum loan

amount can be up to 100% of the purchase price of a home. The down payment and/or closing costs can either be \$500.00 from the borrower's own funds and/or 3% from flexible sources such as a gift or grant. While not specifically designed for low- and moderate-income individuals, this program does provide flexible loan underwriting terms that can assist low- and moderate-income borrowers purchase a home. During the evaluation period, COB made 53 loans totaling \$15 million to low- and moderate-income individuals under this loan program.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the Alamance AA – MSA 15500, the Alexander and Catawba AA – MSA 25860, the Chatham and Orange AA – MSA 20500, the Moore AA – Non-MSA, the Ashe, Watauga, and Wilkes AA – Non-MSA, and the Iredell and Rowan AA – Non-MSA is not inconsistent with the bank's overall "Outstanding" performance under the Lending Test. The bank's performance in the limited-scope reviews had some impact on the overall Lending Test rating.

Refer to Tables 1 through 13 in appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Randolph and Guilford AA – MSA 24660 and the Montgomery, Richmond, and Scotland AA – Non-MSA is adequate. In the Cabarrus and Gaston AA – MSA 16740, the bank's performance is very poor.

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

#### **Randolph and Guilford AA - MSA 24660**

COB has an adequate level of qualified community development investments and grants in the Randolph and Guilford AA – MSA 24660, and the bank exhibits an adequate responsiveness to credit and community economic development needs in the AA.

All of the bank's investments and donations supported affordable housing, community services for low- and moderate-income persons, and small business development in the assessment area. In our analysis of the Randolph and Guilford AA – MSA 24660, we also took into account statewide and regional investments. Please refer to the Statewide and Regional Investment section below for information on these investments. The following investments and donations are not considered innovative or complex in nature, but are responsive to identified needs in the community.

During the evaluation period, COB originated twenty qualified investments for a total of \$1.4 million that benefited the Randolph and Guilford AA – MSA 24660. The bank purchased two mortgage-backed securities (MBS) for a total of \$1.1 million. The mortgages collateralizing

these MBS were originated to low- and moderate-income borrowers, and these investments primarily benefited the Randolph and Guilford AA – MSA 24660. The \$1.1 million is reflected on the Statewide/Regional line in Table 14. The bank also purchased three mortgage-backed securities totaling \$1 million. Although the total of these three investments was \$1 million, only \$308 thousand of the mortgages collateralizing these investments were originated to low- and moderate-income borrowers who resided in the Randolph and Guilford AA – MSA 24660. The \$308 thousand is reflected on the Statewide/Regional line in Table 14. Lastly, COB made fifteen donations totaling \$5 thousand to five organizations that provided economic development, affordable housing, and community services to low- and moderate-income individuals in the Randolph and Guilford AA – MSA 24660. In addition to the investments made during this evaluation period, COB has two prior period MBS investments that have a current book value of \$225 thousand. The mortgages collateralizing these MBS were originated to low- and moderate-income borrowers in Randolph County.

### **Montgomery, Richmond, Scotland AA - Non-MSA**

COB has an adequate level of qualified community development investments and grants in the Montgomery, Richmond, Scotland AA – Non-MSA, and the bank exhibits an adequate responsiveness to credit and community economic development needs in the AA.

All of the bank’s investments and donations supported affordable housing for low- and moderate-income persons and small business development in the assessment area. In our analysis of the Montgomery, Richmond, Scotland AA – Non-MSA, we also took into account statewide and regional investments. Please refer to the Statewide and Regional Investment section below for information on these investments. The following investments and donations are not considered innovative or complex in nature, but are responsive to identified needs in the community.

During the evaluation period, COB originated ten qualified investments for a total of \$369 thousand that benefited the Montgomery, Richmond, Scotland AA – Non-MSA. The bank purchased two mortgage-backed securities totaling \$1 million. Although the total of these two investments was \$1 million, only \$358 thousand of the mortgages collateralizing these investments were originated to low- and moderate-income borrowers who resided in the Montgomery, Richmond, Scotland AA – Non-MSA. The \$358 thousand is reflected on the Statewide/Regional line in Table 14. In addition, COB made eight donations totaling \$11 thousand to three organizations that provided economic development and affordable housing to low- and moderate-income individuals in this AA.

### **Cabarrus and Gaston AA - MSA 16740**

COB did not make any qualified community development investments or grants in the Cabarrus and Gaston AA – MSA 16740. The institution exhibits very poor responsiveness to credit and community economic development needs.

### **Statewide/Broader Regional Area**

COB has invested in four Small Business Investment Company (SBICs) funds. In 2002, COB invested in fund that provides capital to lower middle-market companies located in North Carolina for growth financings, management buyouts, acquisitions and recapitalizations.

COB made a \$1 million commitment to this fund. There was \$500 thousand funded in the prior examination period, there was \$250 thousand funded during the current evaluation period, and \$250 thousand is committed but unfunded. In 2007, COB made another investment in a SBIC fund that has the same purpose as 2002 SBIC investment. COB made a \$1 million commitment to this fund. There was \$300 thousand funded during this evaluation period, and there is \$700 thousand committed but unfunded.

In 2003, COB invested in a SBIC fund that benefits Southeastern North Carolina companies, which includes companies located in the bank's combined assessment areas. COB made a \$1 million commitment to this fund. There was \$200 thousand funded in the prior evaluation period, and \$800 thousand was funded in the current evaluation period. In February 2006, COB acquired an additional \$500 thousand commitment to this fund as a result of the Alamance Bank merger. The full \$500 thousand was funded at the time of the merger, and it is considered a prior period investment. In 2006, COB acquired another \$1 million commitment to this fund as a result of the First Gaston Bank merger. The full \$1 million was funded at the time of the merger, and it is considered a prior period investment.

In 2005, COB invested in a SBIC fund that provides capital to profitable small businesses, located in the state of North Carolina, for growth and acquisitions. COB made a \$500 thousand commitment to this fund. There was \$325 thousand funded during the current evaluation period, and there is \$175 thousand committed but unfunded.

The remaining \$2.9 million reflected on the current Statewide/Regional investment line on Table 14 reflects the MBS securities COB purchased that benefit more than one AA, including the limited-scope reviews.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the investment test in the Chatham and Orange AA – MSA 20500, the Rowan and Iredell AA – Non-MSA, and the Moore AA – Non-MSA was stronger than the bank's overall "Low Satisfactory" performance under the investment test. The stronger performance is attributed to a higher dollar amount of qualified MBS investments that benefit these AAs. The bank's performance under the investment test in the Alamance AA – MSA 15500, the Alexander and Catawba AA – MSA 25860, and the Ashe, Watauga, Wilkes AA – Non-MSA is weaker than the bank's overall "Low Satisfactory" performance because there were no qualified investments or donations made in these AAs. The bank's performance in these limited-scope reviews had an impact on the overall investment test rating.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Randolph and Guilford AA – MSA 24660 and the Montgomery, Richmond, Scotland AA – Non-MSA is adequate. In the Cabarrus and Gaston AA – MSA 16740, the bank's performance is poor.

## Retail Banking Services

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

### Randolph and Guilford AA - MSA 24660

COB's delivery systems are accessible to geographies and individuals of different income levels in the Randolph and Guilford AA – MSA 24660. COB has eleven branches in the Randolph and Guilford AA. There are four branches located in moderate-income geographies, five branches located in middle-income geographies, and two branches located in upper-income geographies. There are no branches in low-income geographies in the AA. However, COB has three branches in middle-income geographies that are in close proximity to three of the seven low-income geographies in the AA. The percentage of branches located in moderate-income geographies exceeds the percentage of the population located in these geographies.

In addition to branches, COB has thirteen full-service ATMs within the assessment area. Eleven ATMs are attached to the aforementioned branches, and three are stand alone ATMs. Two of the three stand alone ATMs are located in moderate-income geographies, but only one is available to the public. There are no ATMs in low-income geographies in the AA. The percentage of ATMs located in moderate-income geographies exceeds the percentage of the population located in these geographies.

COB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate income geographies and to low- and moderate-income individuals. During the evaluation period, COB opened two branches in upper-income geographies, and there were no branches closed.

Hours and services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. All eleven branches offer a full line of traditional banking products and services, have drive-through facilities, have ATMs, and have extended Friday evening hours. There are two branches that offer Saturday morning hours, and one of these branches is located in a moderate-income geography.

COB also provides alternative systems for delivering retail banking services to its community through full service Internet banking and bank by phone, which are available 24 hours a day. Since COB could not provide specific information on how low- and moderate-income individuals have benefited from these services, no weight was placed on alternative delivery systems.

### Montgomery, Richmond, Scotland AA - Non-MSA

COB's delivery systems are accessible to geographies and individuals of different income levels in the Montgomery, Richmond, Scotland AA – Non-MSA. COB has five branches in the Montgomery, Richmond, Scotland AA – Non-MSA. There are two branches located in

moderate-income geographies, two branches located in middle-income geographies, and one branch located in upper-income geographies. There were no low-income geographies in this AA. The percentage of branches located in moderate-income geographies exceeds the percentage of the population located in these geographies.

In addition to branches, COB has five full-service ATMs within the assessment area. All five ATMs are attached to the aforementioned branches. The percentage of ATMs located in moderate-income geographies exceeds the percentage of the population located in these geographies.

COB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to moderate-income geographies and to low- and moderate-income individuals. During the evaluation period, there were no branches opened or closed in this assessment area.

Hours and services do not vary in a way that inconveniences certain portions of the assessment area, particularly moderate-income geographies and low- and moderate-income individuals. All five branches offer a full line of traditional banking products and services, have drive-through facilities, have ATMs, and have extended Friday evening hours.

COB also provides alternative systems for delivering retail banking services to its community through full service Internet banking and bank by phone, which are available 24 hours a day. Since COB could not provide specific information on how low- and moderate-income individuals have benefited from these services, no weight was placed on alternative delivery systems.

### **Cabarrus and Gaston AA - MSA 16740**

COB's delivery systems are reasonably accessible to geographies and individuals of different income levels in the Cabarrus and Gaston AA – MSA 16740. COB has five branches in the Cabarrus and Gaston AA – MSA 16740. There is one branch located in moderate-income geographies, and there are four branches located in middle-income geographies. There are no branches in low-income geographies in the AA, and there are no branches in upper-income geographies in the AA. The percentage of branches located in the low-income geography is lower than the percentage of population located in this geography. However, there is only one low-income geography in this AA, and a low percentage of the population lives in this low-income geography. Furthermore, COB has a branch located in a moderate-income geography that is relatively close to this low-income geography, and this branch is reasonably accessible to individuals residing in the low-income geography. The percentage of branches located in moderate-income geographies is lower than the percentage of the population located in these geographies. However, COB has two branches that are located in middle-income geographies and each branch is adjacent to two moderate-income geographies. Because these middle-income branches are in close proximity to moderate-income geographies, COB's delivery systems are considered reasonably accessible to geographies and individuals of different income levels.

In addition to branches, COB has five full-service ATMs within the assessment area. These five ATMs are attached to the aforementioned branches. The percentage of ATMs located in

moderate-income geographies is lower than the percentage of the population located in these geographies.

COB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate income geographies and to low- and moderate-income individuals. All five of these branches were acquired by COB when First Gaston Bank was merged with COB in August 2006. There were no other branches opened or closed during the evaluation period.

Hours and services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. All five branches offer a full line of traditional banking products and services, have drive-through facilities, have ATMs, and have extended Friday evening hours. Two of the branches located in middle-income geographies offer Saturday morning hours.

COB also provides alternative systems for delivering retail banking services to its community through full service Internet banking and bank by phone, which are available 24 hours a day. Since COB could not provide specific information on how low- and moderate-income individuals have benefited from these services, no weight was placed on alternative delivery systems.

## **Community Development Services**

### **Randolph and Guilford AA - MSA 24660**

COB provides a limited level of qualified community development services in the Randolph and Guilford AA – MSA 24660. The following details the community development services that were provided during the evaluation period:

- The bank's president provides financial expertise to an organization that generates income from lawyers trust accounts to finance legal aid to low- and moderate-income individuals.
- A bank employee provides financial expertise by serving on the grant review committee of a local organization that provides community services to low- and moderate-income families.
- An employee provided financial and technical expertise by making a presentation on obtaining financing for start-up businesses and small businesses.
- An officer of the bank provides financial and technical expertise by serving on the Board of Directors for an organization whose primary mission is to provide community services to low-income children.
- One bank employee provided financial and technical expertise by serving on an advisory panel at an affordable housing seminar that was sponsored by a local organization whose primary purpose is to educate and provide affordable housing to low- and moderate-income individuals.

### **Montgomery, Richmond, Scotland AA - Non-MSA**

COB provides a limited level of qualified community development services in the Montgomery, Richmond, Scotland AA – Non-MSA. The following details the community development services that were provided during the evaluation period:

- An employee provided financial and technical expertise by making a presentation on obtaining financing for small and start-up businesses.
- One employee participated in the “National Teach Your Child to Save Day” program at a local elementary schools that has a high level of low- and moderate-income students.
- One employee participated in the “Get Smart About Credit” program at a local school, where a majority of the attendees were low- and moderate-income students.
- A bank employee provides financial and technical expertise by serving on the Board of Directors of a local non-profit organization that assists low- and moderate-income families obtain affordable housing.

### **Cabarrus and Gaston AA - MSA 16740**

COB’s community development services are very poor in the Cabarrus and Gaston AA – MSA 16740. No Community Development Services were done in this AA.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank’s performance under the Service Test in the Alamance AA – MSA 15500, the Alexander and Catawba AA – MSA 25860, and the Ashe, Watauga, Wilkes AA – Non-MSA is not inconsistent with the bank’s overall “Low Satisfactory” performance under the Service Test. In the Chatham and Orange AA – MSA 20500, the Moore AA – Non-MSA, and the Iredell and Rowan AA – Non-MSA, the bank’s performance is stronger than the bank’s overall “Low Satisfactory” performance. The stronger performance is due to a more favorable branch distribution in geographies of different income levels. The bank’s performance in the limited-scope reviews had some minimal impact on the overall Service Test rating.

Refer to Table 15 in appendix C for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 1/1/04 to 9/30/07 Investment and Service Tests and CD Loans: 11/3/03 to 1/7/08	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
CommunityONE Bank, N. A. (COB) Asheboro, North Carolina	Home mortgage loans Small loans to businesses Community Development Loans, Investments, and Services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
NA	NA	NA
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Randolph and Guilford AA – MSA 24660	Full Scope	All of Randolph and Guilford Counties
Montgomery, Richmond, Scotland AA – Non-MSA	Full Scope	All of Montgomery, Richmond, Scotland Counties
Cabarrus and Gaston AA – MSA 24660	Full Scope	All of Gaston County and 7 census tracts in Cabarrus County
Alamance AA – MSA 15500	Limited Scope	All of Alamance County
Alexander and Catawba AA – MSA 25860	Limited Scope	All of Alexander and Catawba Counties
Chatham and Orange AA – MSA 20500	Limited Scope	All of Chatham and Orange Counties
Moore AA – Non-MSA	Limited Scope	All of Moore County
Ashe, Watauga, Wilkes AA – Non- MSA	Limited Scope	All of Ashe, Watauga, Wilkes Counties
Iredell and Rowan AA – Non-MSA	Limited Scope	All of Iredell and Rowan Counties

## Appendix B: Market Profiles for Full-Scope Areas

### Randolph and Guilford AA – MSA 24660: 1/1/06-9/30/07 Evaluation Period

Demographic Information for Full-Scope Area: Randolph and Guilford AA – MSA 24660						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	122	5.74	20.49	47.54	26.23	0.00
Population by Geography	551,502	5.24	14.43	50.88	29.45	0.00
Owner-Occupied Housing by Geography	144,493	1.88	10.36	54.07	33.69	0.00
Businesses by Geography	45,910	3.64	17.18	48.04	31.14	0.00
Farms by Geography	1,256	2.15	7.56	61.78	28.50	0.00
Family Distribution by Income Level	147,923	18.30	17.71	23.09	40.90	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	53,264	9.22	21.42	54.56	14.80	0.00
Median Family Income HUD Adjusted Median Family Income for 2007 Households Below the Poverty Level	= \$48,807 = \$53,600 =10%			Median Housing Value Unemployment Rate	= \$109,864 = Randolph-4.3% Guilford-4.5%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census, 2007 HUD updated MFI., and Unemployment rates as of 9/30/07

COB's AA consists of a portion of the Greensboro-High Point, NC MSA 24660 that includes Randolph, Guilford, and Rockingham counties. COB designated all of Randolph and Guilford counties as its AA and excluded Rockingham County because it has no banking facilities in that county.

This AA contains a total of 122 census tracts. There are 7 (5.74%) low-income geographies, 25 (20.49%) moderate-income geographies, 58 (47.54%) middle-income geographies, and 32 (26.23%) upper-income geographies. The assessment area complies with regulatory requirements and does not arbitrarily exclude low- and moderate-income areas.

The 2000 U.S. Census reported the total population of the AA at 551,502. Within the AA, there were 147,923 families and 219,347 households. There were 234,813 housing units, of which, 62% were owner-occupied, 32% were rental-occupied, and 7% were vacant housing units. The median housing cost was \$109,864.

The 2000 median income was \$48,807, and the HUD updated MSA median family income was \$53,600. Approximately 18% of the families are low-income, 18% are moderate-income, 23% are middle-income, and 41% are upper income. Approximately 10% of households are below the poverty level.

According to the 2007 business demographics, there are a total of 45,910 businesses in the AA. Approximately 67% of the businesses reporting have revenues less than \$1 million,

approximately 6% have revenues greater than \$1 million, and the revenue was not reported for approximately 27% of the businesses. Approximately 4% of businesses are located in low-income geographies, 17% are located in moderate-income geographies, 48% are located in middle-income geographies, and 31% of businesses are located in upper-income geographies.

As of June 30, 2007, COB had a 5.53% market share, ranking it 6<sup>th</sup> among 29 institutions in the market. Major competitors were: Wachovia Bank, NA (26% market share, 26 offices), Branch Banking and Trust Company (16% market share, 19 offices), Bank of America, NA (10% market share, 17 offices), and Suntrust Bank (9% market share, 22 offices).

There are nine full service branches located in Randolph County and two full service branches located in Guilford County. All eleven branches have extended hours on Friday evenings, offer drive-through facilities and automated teller machines (ATMs). Two of the offices in Randolph County have Saturday morning hours. All branches offer a full line of traditional banking products and services. There was one office opened during the evaluation period, and no offices were closed during the evaluation period.

During the past five years, the area has experienced the loss of several businesses as well as downsizing at other businesses due to increased foreign competition. Black & Decker, who was a major employer, left the area, and there has been a decrease in the workforce at Klaussner Furniture Industries. As a result, the area has been trying to transition into a technology based and value-added manufacturing economic base. However, the primary economic strength of the area remains manufacturing. Currently, the largest employer in this area is the Randolph County School System.

According to the Bureau of Labor Statistics, the September 30, 2007 unemployment rate for Guilford County was 4.5%, and the unemployment rate for Randolph County was 4.3%. The state unemployment rate was 4.9%, and the national unemployment rate was 4.7%.

During the examination, we contacted a community organization whose primary mission is economic development. We determined through this community contact and our internal research that opportunities exist for community development lending, investments and services, but they are limited. The primary needs of the area are job creation and new businesses and industries. According to the community contact, the financial institutions are participating in the economic development of the county. They have partnered with this organization and developed an investment pool for lending to small businesses and revitalizing the downtown Asheboro area. The community contact also indicated small business education is needed, and is being serviced through the small business center at a local community college.

**Montgomery, Richmond, Scotland AA – Non-MSA: 1/1/06-9/30/07 Evaluation Period**

Demographic Information for Full-Scope Area: Montgomery, Richmond, Scotland AA – Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	22	0.00	27.27	63.64	9.09	0.00
Population by Geography	109,384	0.00	21.30	68.18	10.52	0.00
Owner-Occupied Housing by Geography	29,667	0.00	17.01	72.73	10.27	0.00
Businesses by Geography	5,979	0.00	30.21	55.26	14.53	0.00
Farms by Geography	275	0.00	14.18	73.45	12.36	0.00
Family Distribution by Income Level	29,691	25.36	18.15	21.46	35.03	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	12,919	0.00	27.29	65.18	7.52	0.00
Median Family Income HUD Adjusted Median Family Income for 2007 Households Below the Poverty Level	= \$40,566 = \$45,700 =19%				Median Housing Value = \$62,644 Unemployment Rate = Montgomery-6.3%, Richmond-7.5%, Scotland-9.2%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census, 2007 HUD updated MFI., and Unemployment rates as of 9/30/07

COB’s AA includes all of Montgomery, Richmond, Scotland counties, which are located in a Non-Metropolitan Statistical Area (Non-MSA). The AA contains a total of 22 census tracts. There are no low-income geographies. There are 6 (27.27%) moderate-income geographies, 14 (63.64%) middle-income geographies, and 2 (9.09%) upper income geographies. Both Richmond and Scotland Counties have census tracts that have been designated as middle income non-metropolitan distressed or underserved geographies based on poverty and unemployment. The designated census tracts in the Richmond County area are 9701.00, 9702.00, 9703.00, 9704.00, 9708.00, 9709.00 and 9711.00. The designated census tracts in Scotland County are 0105.00 and 0106.00. The assessment area complies with regulatory requirements and does not arbitrarily exclude low- and moderate-income areas.

The 2000 U.S. Census reported the total population of the AA at 109,384. Within the AA, there were 29,691 families and 41,175 households. There were 48,724 housing units, of which, 61% were owner-occupied, 24% were rental-occupied, and 16% were vacant housing units. The median housing cost was \$62,644.

The 2000 median income was \$40,566, and the HUD updated Non-MSA median family income was \$45,700. Approximately 25% of the families are low-income, 18% are moderate-income, 21% are middle-income, and 35% are upper income. Approximately 19% of households are below the poverty level.

According to the 2007 business demographics, there are a total of 5,979 businesses in the AA. Approximately 66% of the businesses reporting have revenues less than \$1 million, approximately 4% have revenues greater than \$1 million, and the revenue was not reported for

approximately 31% of the businesses. Approximately 30% of businesses are located in moderate-income geographies, 55% are located in middle-income geographies, and 15% of businesses are located in upper-income geographies.

As of June 30, 2007, COB had a 10.74% market share, ranking it 5<sup>th</sup> among 11 institutions in the market. Major competitors were: Branch Banking and Trust Company (25% market share, 7 offices), Fidelity Bank (18% market share, 9 offices), First Bank (17% market share, 8 offices), and RBC Centura Bank (11% market share, 3 offices).

There is one full service branch located in Montgomery County, there are three full service branches located in Richmond County, and there is one full service branch located in Scotland County. All five branches offer a full line of traditional banking products and services, have extended hours on Friday evenings, offer drive-through facilities, and have automated teller machines (ATMs). There were no offices opened or closed in these counties during the evaluation period.

Textile and furniture manufacturing have been the major industries in this AA. However, as foreign competition increased, the textile and furniture manufacturing businesses have declined. The decline of these industries has had a major impact on these counties, and these counties have had to and are still adjusting to this economic transition. Going forward, the local economic groups have been focused on diversifying the economy, attracting new industries, and strengthening existing businesses. Currently, the largest employers in Montgomery, Richmond and Scotland counties are: Scotland Health Care Systems, West Point Stevens, Campbell Soups, Montgomery County Schools, Realistic Furniture, Inc., Citation/Foundry Services, Richmond County School System, Perdue Farms, Inc., and ITG.

During the examination, we contacted two community organizations whose primary missions are affordable housing and economic development. We determined through our community contacts and our internal research that there is a need for affordable rental housing in Richmond County. However, due to the lack of developers willing to undergo those projects, limited opportunities exist for affordable rental housing development in Richmond County. The contacts further stated that while there is an abundance of affordable housing in the other areas, lending opportunities are limited due to the high unemployment rate. Most low- and moderate-income families are unable to qualify for loans as they are unable to meet the income and credit requirements necessary.

The contacts stressed that the most prevalent community need is employment. Since the last examination, the Hanes/Sara Lee manufacturing plants were closed, and many other large area employers have downsized. As a result, unemployment rates are high. The unemployment rates for the three counties are well above the North Carolina state rate of unemployment. According to the Bureau of Labor Statistics, the September 30, 2007 unemployment rate was 6.3% for Montgomery County, 7.5% for Richmond County, and 9.2% Scotland County. The unemployment rate for the state of North Carolina was 4.9% percent as of September 30, 2007, and the national unemployment rate was 4.7%.

According to the community contacts, there are opportunities for small business lending. The community contact stated they refer existing businesses to local banks for small business loans, and they refer start-up and new small businesses to the Small Business Center at the local community college for small business education and banking referrals. Finally, the

community contacts indicated there are opportunities for local banks to provide financial expertise by serving on the various economic development teams. All of the contacts stated that local banks are doing a good job of servicing the needs of the community and working with the local organizations to improve the quality of life for their citizens.

**Cabarrus and Gaston AA – MSA 16740: 1/1/06-9/30/07 Evaluation Period**

Demographic Information for Full-Scope Area: Cabarrus and Gaston AA – MSA 16740						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	51	1.96	43.14	50.98	3.92	0.00
Population by Geography	225,875	1.23	38.92	54.78	5.07	0.00
Owner-Occupied Housing by Geography	60,710	0.53	35.33	58.11	6.02	0.00
Businesses by Geography	13,980	0.61	42.11	52.42	4.86	0.00
Farms by Geography	331	0.60	28.10	64.05	7.25	0.00
Family Distribution by Income Level	63,658	24.60	22.50	24.15	28.75	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	29,980	1.84	46.96	48.83	2.37	0.00
Median Family Income = \$54,850 HUD Adjusted Median Family Income for 2007 = \$60,200 Households Below the Poverty Level = 11%			Median Housing Value = \$89,593 Unemployment Rate = Cabarrus-4.4%, Gaston-5.4%			

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census, 2007 HUD updated MFI., and Unemployment rates as of 9/30/07

COB’s AA consists of a portion of the Charlotte-Gastonia-Concord NC MSA 16740 that includes Cabarrus, Gaston, Anson, Mecklenburg, and Union counties. COB designated all of Gaston County, and seven of the twenty-one census tracts in Cabarrus County as its AA. COB designated only the seven tracts in Cabarrus County that they could reasonably service and that were contiguous to the bank’s other assessment areas. COB excluded Anson, Mecklenburg, and Union counties because it has no banking facilities in those counties.

COB’s AA contains a total of 51 census tracts. There is 1 (2%) low-income geography, 22 (43%) moderate-income geographies, 26 (51%) middle-income geographies, and 2 (4%) upper-income geographies. The assessment area complies with regulatory requirements and does not arbitrarily exclude low- and moderate-income areas.

The 2000 U.S. Census reported the total population of the AA at 225,875. Within the AA, there were 63,658 families and 87,968 households. There were 93,935 housing units, of which, 65% were owner-occupied, 29% were rental-occupied, and 6% were vacant housing units. The median housing cost was \$89,593.

The 2000 median income was \$54,850, and the HUD updated MSA median family income was \$60,200. Approximately 25% of the families are low-income, 23% are moderate-income, 24% are middle-income, and 29% are upper income. Approximately 11% of households are below the poverty level.

According to the 2007 business demographics, there are a total of 13,980 businesses in the AA. Approximately 69% of the businesses reporting have revenues less than \$1 million,

approximately 5% have revenues greater than \$1 million, and the revenue was not reported for approximately 27% of the businesses. Less than 1% of businesses are located in the low-income geography, approximately 40% of businesses are located in moderate-income geographies, 54% are located in middle-income geographies, and 5% of businesses are located in upper-income geographies.

As of June 30, 2007, COB had a 4.36% market share, ranking it 7<sup>th</sup> among 22 institutions in the market. Major competitors were: Wachovia Bank, NA (27.90% market share, 18 offices), Branch Banking and Trust Company (15.09% market share, 12 offices), First Charter Bank (11.31% market share, 10 offices), and Suntrust Bank (8.90% market share, 8 offices).

There are five full service branches located in Gaston County. All five branches offer a full line of traditional banking products and services, have extended hours on Friday evenings, offer drive-through facilities, and have automated teller machines (ATMs). Two of the branches also offer Saturday morning hours. All five of these branches were acquired as part of the First Gaston Bank acquisition in August 2006. No branches were closed during the evaluation period.

Textile and furniture manufacturing have been the major industries in this AA. However, as foreign competition increased, the textile and furniture manufacturing businesses have declined. The decline of these industries has had a major impact on these counties, and these counties have had to and are still adjusting to this economic transition. Currently, the largest employers in Cabarrus and Gaston counties are: Gaston County Schools, Caromont Health, Freightliner Mount Holly, LLC, Wix Filtration Corporation, County of Gaston, Carolina Medical Center-Northeast, Cabarrus County Schools, Kannapolis City Schools, and the City of Concord.

According to the Bureau of Labor Statistics, the September 30, 2007 unemployment rate for Cabarrus County was 4.4%, and the unemployment rate for Gaston County was 5.4%. The state unemployment rate was 4.9%, and the national unemployment rate was 4.7%.

During the examination, we contacted two community organizations whose primary missions are economic development and affordable housing for low- and moderate-income families. In the Gaston County area, we determined through our community contacts and our internal research that opportunities exist for donations and services geared towards educating and assisting low- and moderate-income families with affordable housing and loans and investments geared toward economic development, start-up businesses, and small businesses. The most prevalent community need in Gaston County is attracting new industries and businesses. Since the last Community Reinvestment Act examination, two large companies, Pillowtex Corporation and Phillip Morris, have closed their local manufacturing plants and distribution facilities and laid off a significant number of employees who reside in Gaston and Cabarrus counties. As a result, the county has had to diversify the economy, attract new industries, and strengthen existing businesses.

In the Cabarrus County area, the community contacts stated that there are many opportunities for financial institutions to participate in increasing the housing needs for low-and moderate-income families. In particular, they stated that local banks can do this by donating funds and providing services to organizations whose purpose is to assist low- and moderate-income families. The contacts stated that organizations need financial donations to help families with

down payment assistance, money for matching funds for Individual Development Accounts (IDAs), and funds to build affordable housing. In addition, there is a need for education and counseling on home buying and foreclosure prevention. The community contacts stated local lenders do a good job of making loans for housing in the community; however, the primary need is educating the community and assisting organizations that help low-and moderate-income families.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

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

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

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

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

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

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

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

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

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

Table 1. Lending Volume

LENDING VOLUME		Geography: NORTH CAROLINA						Evaluation Period: January 1, 2004 to September 30, 2007				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Randolph and Guilford AA – MSA 24660	42.62	450	50,706	923	139,785	48	4,937	3	175	1,424	195,603	35.23
Montgomery, Richmond, Scotland AA – Non-MSA	9.15	175	15,985	122	18,354	8	517	0	0	305	34,856	7.82
Cabarrus and Gaston AA – MSA 16740	10.53	97	12,439	254	28,981	0	0	0	0	351	41,420	12.14
<b>Limited Review:</b>												
Alamance AA – MSA 15500	4.62	58	8,094	92	7,619	4	509	0	0	154	16,222	3.82
Alexander and Catawba AA – MSA 25860	7.77	41	5,424	218	28,174	0	0	0	0	259	33,598	13.89
Chatham and Orange AA – MSA 20500	5.40	79	10,869	94	8,825	7	900	0	0	180	20,594	3.73
Moore AA – Non-MSA	4.86	70	9,761	92	14,615	0	0	0	0	162	24,376	2.78
Ashe, Watauga, Wilkes AA – Non-MSA	7.29	20	2,158	200	20,075	23	2,379	0	0	243	24,612	9.00
Iredell and Rowan AA – Non-MSA	7.77	153	19,448	105	23,756	1	1,000	0	0	259	44,204	11.61

\* Loan Data as of 9/30/07. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is 11/3/03 to 1/7/08.

\*\*\* Deposit Data as of June 30, 2007. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: NORTH CAROLINA						Evaluation Period: January 1, 2004 to September 30, 2007							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Randolph and Guilford AA – MSA 24660	171	38.08	1.88	0.58	10.36	12.28	54.07	75.44	33.69	11.70	0.46	0.24	0.76	0.70	0.14
Montgomery, Richmond, Scotland AA – Non-MSA	72	16.04	0.00	0.00	17.01	22.22	72.73	62.50	10.27	15.28	3.54	0.00	5.52	3.23	3.07
Cabarrus and Gaston AA – MSA 16740	41	9.13	0.53	2.44	35.33	26.83	58.11	68.29	6.02	2.44	0.22	4.00	0.14	0.27	0.00
<b>Limited Review:</b>															
Alamance AA – MSA 15500	30	6.68	0.00	0.00	12.07	10.00	76.04	76.67	11.89	13.33	0.58	0.00	0.61	0.59	0.51
Alexander and Catawba AA – MSA 25860	16	3.56	0.00	0.00	4.84	6.25	85.04	62.50	10.12	31.25	0.20	0.00	0.00	0.13	0.59
Chatham and Orange AA - MSA 20500	27	6.01	0.70	0.00	8.97	7.41	57.42	88.89	32.91	3.70	0.29	0.00	0.33	0.47	0.05
Moore AA – Non-MSA	28	6.24	0.00	0.00	0.00	0.00	64.62	67.86	35.38	32.14	0.46	0.00	0.00	0.71	0.16
Ashe, Watauga, Wilkes AA – Non-MSA	8	1.78	0.00	0.00	4.78	0.00	90.05	100.00	5.16	0.00	0.12	0.00	0.00	0.15	0.00
Iredell and Rowan AA – Non-MSA	56	12.47	0.00	0.00	5.38	3.57	61.54	83.93	33.08	12.50	0.27	0.00	0.00	0.57	0.06

\* Based on 2006 Peer Mortgage Data: Eastern Region.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT												Geography: NORTH CAROLINA				Evaluation Period: January 1, 2004 to September 30, 2007				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography									
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp					
<b>Full Review:</b>																				
Randolph and Guilford AA – MSA 24660	69	47.92	1.88	0.00	10.36	17.39	54.07	79.71	33.69	2.90	1.97	0.00	1.25	3.40	0.00					
Montgomery, Richmond, Scotland AA – Non-MSA	23	15.97	0.00	0.00	17.01	8.70	72.73	91.30	10.27	0.00	6.40	0.00	3.85	7.69	0.00					
Cabarrus and Gaston AA – MSA 16740	13	9.03	0.53	0.00	35.33	46.15	58.11	46.15	6.02	7.69	0.36	0.00	0.54	0.31	0.00					
<b>Limited Review:</b>																				
Alamance AA – MSA 15500	1	0.69	0.00	0.00	12.07	100.00	76.04	0.00	11.89	0.00	0.46	0.00	4.35	0.00	0.00					
Alexander and Catawba AA – MSA 25860	5	3.47	0.00	0.00	4.84	0.00	85.04	60.00	10.12	40.00	0.52	0.00	0.00	0.61	0.00					
Chatham and Orange AA - MSA 20500	4	2.78	0.70	0.00	8.97	0.00	57.42	100.00	32.91	0.00	0.33	0.00	0.00	0.54	0.00					
Moore AA – Non-MSA	6	4.17	0.00	0.00	0.00	0.00	64.62	100.00	35.38	0.00	1.32	0.00	0.00	2.14	0.00					
Ashe, Watauga, Wilkes AA – Non-MSA	7	4.86	0.00	0.00	4.78	0.00	90.05	100.00	5.16	0.00	0.35	0.00	0.00	0.39	0.00					
Iredell and Rowan AA – Non-MSA	16	11.11	0.00	0.00	5.38	6.25	61.54	87.50	33.08	6.25	1.04	0.00	0.00	1.87	0.00					

\* Based on 2006 Peer Mortgage Data: Eastern Region.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: NORTH CAROLINA					Evaluation Period: January 1, 2004 to September 30, 2007				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography										
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Randolph and Guilford AA – MSA 24660	207	38.76	1.88	1.45	10.36	16.43	54.07	76.33	33.69	5.80	0.93	0.71	1.53	1.38	0.16						
Montgomery, Richmond, Scotland AA – Non-MSA	80	14.98	0.00	0.00	17.01	17.50	72.73	68.75	10.27	13.75	4.06	0.00	3.95	4.06	4.12						
Cabarrus and Gaston AA – MSA 16740	34	6.37	0.53	2.94	35.33	38.24	58.11	44.12	6.02	14.71	0.35	3.23	0.24	0.28	1.26						
<b>Limited Review:</b>																					
Alamance AA – MSA 15500	27	5.06	0.00	0.00	12.07	7.41	76.04	88.89	11.89	3.70	0.57	0.00	0.29	0.66	0.28						
Alexander and Catawba AA – MSA 25860	18	3.37	0.00	0.00	4.84	5.56	85.04	83.33	10.12	11.11	0.28	0.00	0.73	0.24	0.44						
Chatham and Orange AA- MSA 20500	48	8.99	0.70	0.00	8.97	8.33	57.42	89.58	32.91	2.08	0.86	0.00	0.56	1.32	0.09						
Moore AA – Non-MSA	34	6.37	0.00	0.00	0.00	0.00	64.62	58.82	35.38	41.18	1.33	0.00	0.00	1.49	1.08						
Ashe, Watauga, Wilkes AA – Non-MSA	5	0.94	0.00	0.00	4.78	0.00	90.05	80.00	5.16	20.00	0.03	0.00	0.00	0.00	0.30						
Iredell and Rowan AA – Non-MSA	81	15.17	0.00	0.00	5.38	1.23	61.54	90.12	33.08	8.64	0.84	0.00	0.31	1.47	0.16						

\* Based on 2006 Peer Mortgage Data: Eastern Region.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: NORTH CAROLINA		Evaluation Period: January 1, 2004 to September 30, 2007		
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography					
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid
<b>Full Review:</b>																
Randolph and Guilford AA – MSA 24660	923	43.95	3.64	1.08	17.18	24.81	48.04	64.57	31.14	9.53	2.13	0.90	3.86	3.17	0.46	
Montgomery, Richmond, Scotland AA – Non-MSA	122	5.81	0.00	0.00	30.21	36.07	55.26	52.46	14.53	11.48	2.99	0.00	5.20	2.30	2.77	
Cabarrus and Gaston – MSA 16740	254	12.10	0.61	0.00	42.11	36.61	52.42	56.30	4.86	7.09	0.68	0.00	0.78	0.78	0.32	
<b>Limited Review:</b>																
Alamance AA – MSA 15500	92	4.38	0.00	0.00	15.72	23.91	71.45	68.48	12.83	7.61	1.23	0.00	2.96	1.19	0.53	
Alexander and Catawba AA – MSA 25860	218	10.38	0.00	0.00	14.37	19.27	70.47	49.08	15.17	31.65	1.00	0.00	0.95	0.94	1.39	
Chatham and Orange AA - MSA 20500	94	4.48	1.99	0.00	9.04	19.15	56.03	75.53	32.93	5.32	0.64	0.00	2.34	0.84	0.11	
Moore AA – Non-MSA	92	4.38	0.00	0.00	0.00	0.00	69.42	72.83	30.58	27.17	1.54	0.00	0.00	2.10	0.88	
Ashe, Watauga, Wilkes AA – Non-MSA	200	9.52	0.00	0.00	2.24	1.00	80.74	98.00	17.02	1.00	1.04	0.00	0.68	1.30	0.11	
Iredell and Rowan AA Non-MSA	105	5.00	0.00	0.00	9.01	18.10	50.35	42.86	40.64	39.05	0.48	0.00	1.62	0.47	0.37	

\* Based on 2006 Peer Small Business Data: US.

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

\*\*\* Source Data - Dun and Bradstreet 2007.

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: NORTH CAROLINA						Evaluation Period: January 1, 2004 to September 30, 2007						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK****	% Families***	% BANK****	% Families***	% BANK****	% Families***	% BANK****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Randolph and Guilford AA – MSA 24660	171	38.08	18.30	15.75	17.71	23.97	23.09	24.66	40.90	35.62	0.49	1.43	0.41	0.53	0.36
Montgomery, Richmond, Scotland AA – Non-MSA	72	16.04	25.36	9.86	18.15	18.31	21.46	33.80	35.03	38.03	3.91	6.56	2.98	6.83	2.47
Cabarrus and Gaston AA – MSA 16740	41	9.13	24.60	13.33	22.50	26.67	24.15	26.67	28.75	33.33	0.26	0.39	0.34	0.20	0.19
<b>Limited Review:</b>															
Alamance AA – MSA 15500	30	6.68	18.81	8.33	18.16	37.50	23.65	20.83	39.38	33.33	0.61	0.99	1.05	0.33	0.48
Alexander and Catawba AA – MSA 25860	16	3.56	15.26	0.00	18.06	7.14	24.58	21.43	42.09	71.43	0.23	0.00	0.00	0.20	0.40
Chatham and Orange AA - MSA 20500	27	6.01	18.86	24.00	17.49	20.00	20.52	12.00	43.13	44.00	0.31	1.03	0.64	0.00	0.27
Moore AA – Non-MSA	28	6.24	14.62	0.00	14.36	19.23	20.98	19.23	50.05	61.54	0.54	0.00	1.31	0.73	0.38
Ashe, Watauga, Wilkes AA – Non-MSA	8	1.78	18.61	0.00	18.59	14.29	24.47	0.00	38.33	85.71	0.14	0.00	0.31	0.00	0.15
Iredell and Rowan AA – Non-MSA	56	12.47	14.56	2.00	16.12	20.00	22.03	32.00	47.29	46.00	0.32	0.00	0.59	0.59	0.17

\* Based on 2006 Peer Mortgage Data: Eastern Region.

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

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 12.5% of loans originated and purchased by Bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: NORTH CAROLINA				Evaluation Period: January 1, 2004 to September 30, 2007					Market Share				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****						
<b>Full Review:</b>																
Randolph and Guilford AA – MSA 24660	69	47.92	18.30	38.81	17.71	22.39	23.09	17.91	40.90	20.90	2.07	9.56	1.67	0.93	0.89	
Montgomery, Richmond, Scotland AA – Non-MSA	23	15.97	25.36	26.09	18.15	30.43	21.46	21.74	35.03	21.74	6.63	12.50	8.16	6.52	3.90	
Cabarrus and Gaston AA – MSA 16740	13	9.03	24.60	16.67	22.50	41.67	24.15	41.67	28.75	0.00	0.37	0.00	0.00	1.40	0.00	
<b>Limited Review:</b>																
Alamance AA – MSA 15500	1	0.69	18.81	100.00	18.16	0.00	23.65	0.00	39.38	0.00	0.48	4.35	0.00	0.00	0.00	
Alexander and Catawba AA – MSA 25860	5	3.47	15.26	0.00	18.06	20.00	24.58	40.00	42.09	40.00	0.54	0.00	1.39	0.00	0.58	
Chatham and Orange AA - MSA 20500	4	2.78	18.86	0.00	17.49	75.00	20.52	0.00	43.13	25.00	0.34	0.00	1.75	0.00	0.00	
Moore AA – Non-MSA	6	4.17	14.62	16.67	14.36	33.33	20.98	33.33	50.05	16.67	1.38	0.00	2.70	2.17	0.84	
Ashe, Watauga, Wilkes AA – Non-MSA	7	4.86	18.61	42.86	18.59	14.29	24.47	28.57	38.33	14.29	0.38	3.33	0.00	0.00	0.00	
Iredell and Rowan AA – Non-MSA	16	11.11	14.56	37.50	16.12	6.25	22.03	50.00	47.29	6.25	1.07	6.38	0.00	2.65	0.00	

\* Based on 2006 Peer Mortgage Data: Eastern Region.

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

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 2.1% of loans originated and purchased by Bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: NORTH CAROLINA						Evaluation Period: January 1, 2004 to September 30, 2007						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Randolph and Guilford AA – MSA 24660	207	38.76	18.30	13.51	17.71	18.92	23.09	33.51	40.90	34.05	0.99	1.47	0.91	1.32	0.76
Montgomery, Richmond, Scotland AA – Non-MSA	80	14.98	25.36	8.97	18.15	23.08	21.46	16.67	35.03	51.28	4.60	5.88	6.93	2.78	4.35
Cabarrus and Gaston AA – MSA 16740	34	6.37	24.60	21.05	22.50	26.32	24.15	36.84	28.75	15.79	0.28	0.28	0.40	0.29	0.19
<b>Limited Review:</b>															
Alamance AA – MSA 15500	27	5.06	18.81	12.50	18.16	16.67	23.65	37.50	39.38	33.33	0.62	1.47	0.18	0.84	0.56
Alexander and Catawba AA – MSA 25860	18	3.37	15.26	5.88	18.06	23.53	24.58	29.41	42.09	41.18	0.33	0.00	0.26	0.40	0.40
Chatham and Orange AA - MSA 20500	48	8.99	18.86	14.89	17.49	27.66	20.52	23.40	43.13	34.04	1.01	3.43	1.56	1.07	0.57
Moore AA – Non-MSA	34	6.37	14.62	15.15	14.36	15.15	20.98	18.18	50.05	51.52	1.55	4.35	3.11	1.75	1.03
Ashe, Watauga, Wilkes AA – Non-MSA	5	0.94	18.61	0.00	18.59	25.00	24.47	0.00	38.33	75.00	0.04	0.00	0.00	0.00	0.07
Iredell and Rowan AA – Non-MSA	81	15.17	14.56	3.80	16.12	16.46	22.03	25.32	47.29	54.43	0.99	0.85	1.11	1.21	0.87

\* Based on 2006 Peer Mortgage Data: Eastern Region.

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

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 9.0% of loans originated and purchased by Bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: NORHT CAROLINA			Evaluation Period: January 1, 2004 to September 30, 2007	
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Randolph and Guilford AA – MSA 24660	923	43.95	67.39	60.67	61.76	21.56	16.68	2.13	3.45
Montgomery, Richmond, Scotland AA – Non-MSA	122	5.81	65.56	63.11	63.11	20.49	16.39	2.99	4.71
Cabarrus and Gaston AA – MSA 16740	254	12.10	68.53	56.69	69.29	17.32	13.39	0.68	1.15
<b>Limited Review:</b>									
Alamance AA – MSA 15500	92	4.38	68.85	51.09	76.09	15.22	8.70	1.23	1.79
Alexander and Catawba AA – MSA 25860	218	10.38	64.86	59.63	66.06	22.94	11.01	1.00	1.19
Chatham and Orange AA - MSA 20500	94	4.48	69.40	65.96	72.34	23.40	4.26	0.64	0.98
Moore AA – Non-MSA	92	4.38	67.42	63.04	57.61	25.00	17.39	1.54	2.39
Ashe, Watauga, Wilkes AA – Non-MSA	200	9.52	66.77	54.00	73.00	15.50	11.50	1.04	1.26
Iredell and Rowan AA – Non-MSA	105	5.00	66.33	60.00	53.33	15.24	31.43	0.48	0.77

\* Based on 2006 Peer Small Business Data: US.

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2007).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 16.33% of small loans to businesses originated and purchased by the Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: NORTH CAROLINA				Evaluation Period: November 3, 2003 through January 7, 2008			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Randolph and Guilford AA – MSA 24660	2	225	15	5	17	230	2.60	0	0
Montgomery, Richmond, Scotland AA – Non-MSA	0	0	8	11	8	11	0.12	0	0
Cabarrus and Gaston AA – MSA 16740	0	0	0	0	0	0	0.00	0	0
<b>Limited Review:</b>									
Alamance AA – MSA 15500	0	0	0	0	0	0	0.00	0	0
Alexander and Catawba AA – MSA 25860	0	0	0	0	0	0	0.00	0	0
Chatham and Orange AA - MSA 20500	0	0	0	0	0	0	0.00	0	0
Moore AA – Non-MSA	1	90	0	0	1	90	1.02	0	0
Ashe, Watauga, Wilkes AA – Non-MSA	0	0	0	0	0	0	0.00	0	0
Iredell and Rowan AA – Non-MSA	0	0	0	0	0	0	0.00	0	0
Statewide/Regional Investments	3	2,200	16	6,322	19	8,522	96.26	3	1,125

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: NORTH CAROLINA																	
Evaluation Period: November 3, 2003 through January 7, 2008																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Randolph and Guilford AA – MSA 24660	35.23	11	25.58	0.00	36.36	45.45	18.18	2	0	0	0	0	+2	1.23	38.92	54.78	5.07
Montgomery, Richmond, Scotland AA – Non-MSA	7.82	5	11.63	0.00	40.00	40.00	20.00	0	0	0	0	0	0	5.24	14.43	50.88	29.45
Cabarrus and Gaston AA – MSA 16740	12.14	5	11.63	0.00	20.00	80.00	0.00	5	0	0	+1	+4	0	0.00	21.30	68.18	10.52
<b>Limited Review</b>																	
Alamance AA – MSA 15500	3.82	2	4.65	0.00	0.00	50.00	50.00	2	0	0	0	+1	+1	0.00	14.51	73.97	11.52
Alexander and Catawba AA – MSA 25860	13.89	5	11.63	0.00	0.00	80.00	20.00	5	0	0	0	+4	+1	0.00	8.60	81.67	9.73
Chatham and Orange AA – MSA 20500	3.73	2	4.65	0.00	50.00	50.00	0.00	1	0	0	0	+1	0	6.98	10.70	50.68	31.64
Moore AA – Non-MSA	2.78	2	4.65	0.00	0.00	50.00	50.00	0	0	0	0	0	0	0.00	0.00	68.42	31.58
Ashe, Watauga, Wilkes AA – Non-MSA	9.00	5	11.63	0.00	0.00	80.00	20.00	5	0	0	0	+4	+1	0.00	3.90	89.53	6.58
Iredell and Rowan Non-MSA	11.61	6	13.95	0.00	17.00	50.00	33.33	6	0	0	+1	+3	+2	0.00	8.68	60.16	31.16

