



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

May 30, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Piedmont Federal Savings Bank
Charter Number 700007

201 South Stratford Road
Winston Salem, NC 27103

Office of the Comptroller of the Currency

101 South Tryon Street., Suite 400
Charlotte, NC 28280

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

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Overall CRA Rating

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

The lending test is rated: Satisfactory.

The community development test is rated: Satisfactory.

The major factors that support this rating include:

- The Lending Test rating is based on Piedmont Federal Savings Bank's (Piedmont Federal or the bank) performance in the state of North Carolina.
- The bank's loan-to-deposit (LTD) ratio is reasonable given its size, financial condition, and the credit needs in its assessment areas (AAs).
- A substantial majority of the bank's loans were originated or purchased inside its AAs.
- The bank exhibits reasonable geographic distribution of loans in the AAs.
- The bank exhibits reasonable distribution of loans to individuals of different income levels.
- The Community Development (CD) Test rating is based on the bank's responsiveness to the CD needs of its AAs.
- The bank exhibits adequate responsiveness to CD needs in the AAs through CD loans, qualified investments, grants and donations, and CD services.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the LTD ratio is reasonable.

The LTD ratio is calculated on a bank-wide basis including the quarters as of March 31, 2020, through December 31, 2022. The bank's average quarterly LTD ratio for the twelve consecutive quarters since the previous Community Reinvestment Act (CRA) evaluation is 84.22 percent. This is above the average quarterly LTD ratio of 74.41 percent for similar asset-sized institutions in North Carolina and South Carolina. The bank's quarterly LTD ratio has ranged from a high of 87.63 percent to a low of 80.47 percent, over the last twelve quarters. The quarterly LTD for similar asset-sized banks ranged from a high of 99.15 percent, to a low of 57.41 percent over the same period.

Lending in Assessment Area

A substantial majority of the bank's loans are inside its AAs.

The bank originated and purchased 92.2 percent of its total loans inside the AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. The percentage of lending inside the AAs had a positive impact on the OCC's analysis of geographic distribution of loans.

The table below illustrates the number and dollar volume of home mortgage loans the bank originated inside and outside of its AAs.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	513	96.1	21	3.9	534	101,785	95.8	4,412	4.2	106,198
2021	511	91.9	45	8.1	556	109,567	87.5	15,667	12.5	125,234
2022	316	86.8	48	13.2	364	71,425	79.4	18,567	20.6	89,992
Total	1,340	92.2	114	7.8	1,454	282,777	88.0	38,647	12.0	321,424
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Description of Institution

Piedmont Federal is a \$1.15 billion federally chartered mutual savings association headquartered in Winston-Salem, North Carolina. It is wholly owned by Piedmont Financial Holding Company (PFHC), a single-tier mutual holding company formed on September 15, 2022. The holding company structure was established to enable the bank corporate flexibility with respect to both subsidiaries and bank acquisitions. The bank operates 10 full-service branches in Forsyth, Watauga, Wilkes, and Guilford Counties in North Carolina. All branch locations maintain the same operating hours. Of the 10 branch locations, the bank has one branch in a low-income census tract and one branch in moderate-income census tract. The branch located at 16 W Third Street in downtown Winston Salem was moved during the review period within the city to 633 N. Liberty Street and remained in the same census tract. There were no other openings or closures of bank branches during the evaluation period. Piedmont Federal does not operate automated teller machines (ATMs). In lieu of ATMs, the bank reimburses all fees associated with customer use of third-party ATMs.

Piedmont Federal offers a full range of home mortgage loan and deposit products. All checking, savings, and loan products are available at every branch location. As a portfolio lender, it does not originate home mortgage loans for sale on the secondary market. The bank offers online and mobile banking services to both businesses and consumers. The website provides detailed information about products and services for consumers and businesses. In addition to traditional loan products, the bank has an Affordable First Time Home Buyer Product that features a below market interest rate and no origination fees. Originations from this program are included in the HMDA data analyzed below.

The bank has historically operated as a traditional thrift, with a majority of the loan portfolio comprised of one-to-four family residential mortgages; however, the Board elected to become a covered savings association (CSA) in January 2020 and initiated increased commercial lending at that time. While commercial loan balances have grown during the evaluation period, Piedmont Federal continues to operate primarily as a traditional thrift. As of December 31, 2022, home mortgage loans totaled \$508.2 million

and represented 72.8 percent of total loans. Tier 1 capital totaled \$238 million and represented 20.5 percent of total assets.

Management and the Board have designated the Winston Salem, North Carolina metropolitan statistical area (MSA), the Greensboro-High Point, North Carolina MSA and the Non-MSA counties of Wilkes and Watauga in North Carolina as the bank’s AAs. There were no legal, financial, or other factors that impeded the bank’s ability to help meet the credit needs in its AAs during the evaluation period. Piedmont Federal’s rating at the preceding CRA Examination dated December 31, 2019, was “Satisfactory.”

Type of Loan	Balance Outstanding (\$000s)	% of Total Loans
1-4 Family Residential Real Estate	521,205	74.50
Non-Farm/Non-Residential Real Estate	130,144	18.60
Multi-family Residential Real Estate	19,755	2.82
Commercial and Industrial	18,928	2.71
Construction & Land Development	9,414	1.35
Loans to Individuals	138	0.02
Total Gross Loans	699,584	100.00

*Source: Schedule RC-C Part 1—Loans and Leases as reported in the Consolidated Report of Condition and Income as of December 31, 2022

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation (PE) assesses the bank’s performance under the Intermediate Small Bank procedures, which includes a Lending Test and CD Test. The Lending Test evaluates the institution’s record of meeting the credit needs of its AAs through its lending activities. The CD Test evaluates the institution’s responsiveness to CD needs in its AAs through CD lending, services, and qualified investments. The evaluation period under the Lending Test and the CD Test covers the institution’s performance from January 1, 2020, through December 31, 2022. For this evaluation, we analyzed home mortgage loans the bank reported under the Home Mortgage Disclosure Act (HMDA). Given the timing of this examination, peer lending data was not available for comparison for 2022 performance.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the “Scope” section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank's overall rating is based on the state rating.

The state rating is based on performance in the three AAs in the state, which included full-scope reviews of the Winston-Salem MSA AA, Greensboro-High Point MSA AA, and the NC Non-MSA AA. No limited-scope reviews were performed.

The state rating is based on performance in all bank AAs. Refer to the "Scope" section under each State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by, or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of North Carolina

CRA rating for the State of North Carolina: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- The bank exhibits reasonable geographic distribution of loans in the state.
- The bank exhibits reasonable distribution of loans to borrowers of different income levels.
- CD activities, including CD loans, qualified investments, and CD services, reflect adequate responsiveness to the CD needs of the bank's AAs.

Description of Institution's Operations in North Carolina

Piedmont Federal has identified three AAs in the state of North Carolina including the Winston-Salem, NC MSA, Greensboro-High Point, NC MSA, and the NC Non-MSA. Piedmont Federal operates 10 full-service branches in the state of North Carolina, with one branch in a low-income census tract (CT), one located in a moderate-income CT, four located in middle-income CTs, three in upper-income CTs, and one located in an unknown-income designated CT. The AAs do not arbitrarily exclude any low- or moderate-income areas.

The Winston-Salem, NC MSA AA includes the counties of Forsyth, Davidson, Davie, Stokes, and Yadkin. The Greensboro-High Point, NC MSA consists of Guilford, Rockingham, and Randolph Counties. The NC Non-MSA AA includes the counties of Watauga and Wilkes. Please refer to the Description of the Institution section for more details. There are no distressed or underserved CTs within the AAs.

Winston-Salem, NC MSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Piedmont FSB Winston Salem 2020-2021						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	150	10.7	18.7	39.3	30.0	1.3
Population by Geography	651,630	7.7	20.3	40.8	30.6	0.6
Housing Units by Geography	289,934	7.7	20.8	41.5	29.7	0.3
Owner-Occupied Units by Geography	174,068	3.3	15.8	44.9	35.9	0.0
Occupied Rental Units by Geography	83,588	16.0	28.9	34.5	19.7	0.8
Vacant Units by Geography	32,278	9.5	27.1	41.3	21.7	0.4
Businesses by Geography	46,615	6.0	17.1	37.9	38.4	0.6
Farms by Geography	1,696	1.8	15.3	48.3	34.3	0.3
Family Distribution by Income Level	170,293	22.4	17.6	19.0	41.1	0.0
Household Distribution by Income Level	257,656	23.6	16.7	17.1	42.6	0.0
Median Family Income MSA - 49180 Winston-Salem, NC MSA		\$56,536	Median Housing Value			\$145,961
			Median Gross Rent			\$704
			Families Below Poverty Level			13.2%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Table A – Demographic Information of the Assessment Area						
Assessment Area: Piedmont FSB Winston Salem 2022						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	169	8.9	17.8	49.7	23.7	0.0
Population by Geography	675,966	6.4	17.6	50.1	25.9	0.0
Housing Units by Geography	300,968	6.2	18.3	51.2	24.3	0.0
Owner-Occupied Units by Geography	181,699	2.9	13.7	54.1	29.2	0.0
Occupied Rental Units by Geography	85,904	12.3	26.1	44.9	16.7	0.0
Vacant Units by Geography	33,365	8.5	23.1	51.3	17.0	0.0
Businesses by Geography	66,034	5.4	17.0	44.3	33.4	0.0
Farms by Geography	2,283	2.5	13.3	57.9	26.4	0.0
Family Distribution by Income Level	174,706	21.7	17.3	20.3	40.8	0.0
Household Distribution by Income Level	267,603	23.7	16.7	17.5	42.2	0.0
Median Family Income MSA - 49180 Winston-Salem, NC MSA		\$66,563	Median Housing Value			\$161,417
			Median Gross Rent			\$801
			Families Below Poverty Level			11.0%
<i>Source: 2020 U.S. Census and 2022 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Based on the 2015 and 2020 American Community Survey (ACS) U.S. Census data, the Winston-Salem, NC MSA consisted of 150 CTs during 2020-2021, and 169 CTs during 2022. In 2020-2021, low- and moderate-income (LMI) CTs represented 10.7 percent and 18.7 percent, respectively of the total. In 2022, LMI CTs represented 8.9 percent and 17.8 percent, respectively. The total population in the MSA increased from 651,630 to 675,966. The percentage of the population living in LMI CTs was approximately 28 percent during 2020-2021, and 24 percent in 2022. The bank operates seven branches in the MSA with one located in a low-income CT and one located in a moderate-income CT.

Piedmont Federal faces strong competition in the Winston-Salem, NC MSA. As of June 30, 2022, there were \$21.2 billion in deposits held among 27 financial institutions with 134 offices located in the MSA. The bank ranked 10th in the MSA and had a deposit market share of 3.23 percent. The primary competitors were large national and regional banks. The top three competitors in the MSA holding 52.54 percent of the total deposit market share are Truist Bank, Truiliant, and Wells Fargo. The Winston-Salem, NC MSA AA accounted for 89 percent of Piedmont Federal's total deposits.

An analysis of 2021 HMDA peer mortgage data in the AA further demonstrates the strong level of competition faced by the bank. The bank originated 388 home mortgage loans in the Winston-Salem, NC MSA in 2021. The bank ranked 19th in the MSA for loan originations for a market share of 1.19 percent. During the same period, an average of 514 other lending institutions originated or purchased a total of 32,715 home mortgage loans within the same AA. The top three competitors in the MSA originated 22.09 percent of the home mortgage loans in the MSA, totaling 7,227 loans. The top three competitors are Rocket Mortgage, State Employee's Credit Union, and Fairway Independent Mortgage Corporation.

Employment and Economic Factors

The primary industries in the Winston-Salem, NC MSA are manufacturing, health care and social assistance, and retail trade. According to the North Carolina Department of Commerce, leading employers in the MSA are Atrium Health Wake Forest Baptist, Novant Health, Ashley Furniture Industries, and local county school districts.

According to the December 2022 U.S. Bureau of Labor Statistics, the Winston-Salem, NC MSA unemployment rates for 2020, 2021, and 2022, were 5.5 percent, 3.2 percent, and 3.2 percent, respectively. The MSA's unemployment rate compared favorably against the national and state unemployment rates during 2020, 2021, and 2022. The U.S. national unemployment rates were 6.7 percent, 3.9 percent, and of 3.5 percent, respectively. The state of North Carolina unemployment rate were 5.6 percent, 3.3 percent, and 3.2 percent, respectively.

Housing

The 2020 ACS U.S. Census data reported single family homes make up most of the housing units in the MSA, with 76.8 percent of the homes consisting of one-unit, detached dwellings. Total rental occupied units are 28.6 percent, and multifamily units accounted for 13.4 percent of the housing units in the MSA. The median housing value in the MSA was \$161,417 for the 2022 evaluation period and the median gross rent was \$801 per month. Based on the 2015 ACS U.S. Census data, single family units and multifamily units represented 76.4 percent and 13.1 percent of the housing units, respectively, in the MSA for the 2020 and 2021 evaluation period. The median housing value in the MSA for the 2020 and 2021 evaluation period was \$145,961 and the median gross rent was \$704 per month.

Homeownership in LMI geographies may be difficult due to high median housing prices compared to median family income. According to the 2020 U.S. Census, the median family income for the MSA was \$66,563, which would result in a low-income household annual income below \$33,282, and moderate-income household annual income between \$33,282 and \$53,250. The 2015 ACS U.S. Census reported the median family income for the MSA was \$56,536, which would result in a low-income household annual income below \$28,268, and moderate-income household annual income between \$28,268 and \$45,229. Additionally, 11.0 percent of households are below the poverty level. These income levels may make it difficult to afford housing at the median housing value in the AA for LMI borrowers.

Community Contacts

The OCC made a community contact in the MSA during the evaluation period, which included a nonprofit agency focused on community services in LMI areas. In addition, we reviewed the county consolidated plan. The community contact indicated that the following are identified needs within the bank's AA.

- Preserve and expand the supply of affordable housing
- Financing to owners of multifamily building due to the lack of affordable rental properties
- Improve energy efficiency
- Programs that prevent and assist those experiencing homelessness
- Increase services to build self-sufficiency and sustainability
- Training and technical assistance to small businesses
- Lending and investment products for nonprofit organizations
- Serve on boards, committees, and other volunteer opportunities

Greensboro-High Point, NC MSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Piedmont FSB Greensboro 2020-2021						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	168	6.5	26.2	38.7	28.0	0.6
Population by Geography	741,433	5.7	23.3	42.8	28.1	0.0
Housing Units by Geography	326,899	5.7	23.7	42.9	27.6	0.0
Owner-Occupied Units by Geography	184,429	2.7	17.2	45.8	34.3	0.0
Occupied Rental Units by Geography	107,201	10.2	32.7	38.2	18.8	0.0
Vacant Units by Geography	35,269	8.2	30.5	42.1	19.2	0.0
Businesses by Geography	66,223	4.1	21.6	36.2	37.9	0.2
Farms by Geography	2,006	1.7	13.7	51.8	32.7	0.0
Family Distribution by Income Level	189,747	21.7	18.3	18.4	41.7	0.0
Household Distribution by Income Level	291,630	23.4	16.6	17.4	42.6	0.0
Median Family Income MSA - 24660 Greensboro-High Point, NC MSA		\$55,218	Median Housing Value			\$145,143
			Median Gross Rent			\$747
			Families Below Poverty Level			13.3%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Table A – Demographic Information of the Assessment Area						
Assessment Area: Piedmont FSB Greensboro 2022						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	182	9.3	24.2	36.8	28.0	1.6
Population by Geography	776,566	7.8	21.5	40.4	29.5	0.8
Housing Units by Geography	336,980	8.2	22.1	41.1	27.8	0.8
Owner-Occupied Units by Geography	191,183	3.7	17.2	44.0	34.7	0.3
Occupied Rental Units by Geography	112,373	14.9	28.4	36.7	18.6	1.5
Vacant Units by Geography	33,424	11.8	29.0	39.4	18.8	0.9
Businesses by Geography	95,573	8.6	18.4	36.0	36.4	0.6
Farms by Geography	2,632	3.9	13.6	48.7	33.6	0.2
Family Distribution by Income Level	194,671	21.9	18.0	19.0	41.1	0.0
Household Distribution by Income Level	303,556	23.6	16.7	17.5	42.2	0.0
Median Family Income MSA - 24660 Greensboro-High Point, NC MSA		\$65,831	Median Housing Value			\$156,645
			Median Gross Rent			\$849
			Families Below Poverty Level			11.6%
<i>Source: 2020 U.S. Census and 2022 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Based on 2015 and 2020 ACS U.S. Census data, the Greensboro-High Point, NC MSA consisted of 168 CTs during 2020-2021, and 182 CTs for 2022. For 2020-2021, low- and moderate-income CTs represented 6.6 percent and 26.2 percent, respectively of the total. In 2022, low- and moderate-income CTs represented 9.3 percent and 24.2 percent, respectively. The total population of the MSA from 2020-2021, was 741,433 and for 2022, the total population was 776,566. During the evaluation period, approximately 29 percent of the population lived in LMI CTs.

Piedmont Federal faces strong competition in the Greensboro-High Point, NC MSA. As of June 30, 2022, there were \$19.2 billion in deposits held among 31 lenders with 150 offices located in the MSA. The bank ranked 28th in the MSA and held 0.10 percent of the deposit market share. The primary competitors were large national and regional banks. The top three competitors in the MSA with 53.14 percent of the total deposit market share are Truist Bank, Wells Fargo, and Bank of America. The Greensboro-High Point, NC MSA accounted for 2.4 percent of Piedmont Federal's total deposits.

An analysis of 2021 HMDA peer mortgage data in the MSA further demonstrates the strong level of competition faced by the bank. The bank originated 61 home mortgage loans in the Greensboro-High Point, NC MSA in 2021. The bank ranked 91st amongst peers and held a market share of 0.18 percent. During the same period, 532 other lending institutions originated or purchased a total of 34,585 home mortgage loans within the same MSA. The top three competitors holding 23.26 percent of the home mortgage loans in the MSA are State Employee's Credit Union, Rocket Mortgage, and Wells Fargo.

Employment and Economic Factors

The primary industries in the MSA included education and health services, manufacturing, and professional and business services. According to Moody's Analytics, the top three employers in the MSA are Cone Health, Ralph Lauren Corporation, and High Point regional Hospital.

According to the December 2022 U.S. Bureau of Labor Statistics, the Greensboro-High Point, NC MSA unemployment rates for 2020, 2021, and 2022, were 6.2 percent, 3.7 percent, and 3.6 percent, respectively. Compared to the U.S. national unemployment rates of 6.7 percent, 3.9 percent, and of 3.5 percent, respectively, the MSA compared favorably. The state of North Carolina unemployment rates were 5.6 percent, 3.3 percent, and 3.2 percent, respectively.

Housing

The 2020 U.S. Census data reported single family homes make up most of the housing units in the MSA, with 74.16 percent of the homes consisting of one-unit, detached dwellings. Total rental occupied units are 33.35 percent, and multi-family units accounted for 17.40 percent of total housing units. The median housing value in the MSA was \$156,645 for the 2022 evaluation period and the median gross rent was \$849 per month. Based on the 2015 ACS U.S. Census data, single-family 1-4 units and multi-family units represented 74.3 percent and 17.6 percent of the housing units, respectively, in the MSA for the 2020 and 2021 evaluation period. The median housing value in the MSA was \$145,143 and the median gross rent was \$747 per month according to the 2015 ACS U.S. Census data.

Homeownership in LMI geographies may be difficult due to high median housing prices compared to median family income. According to the 2020 U.S. Census, the median family income for the MSA was \$65,831, which would result in a low-income household annual income below \$32,916, and moderate-income household annual income between \$32,916 and \$52,664. The 2015 ACS U.S. Census reported the median family income for the MSA was \$55,218, which would result in a low-income household annual income below \$27,609, and moderate-income household annual income between \$27,609 and \$44,174. Additionally, 11.6 percent of households fall below the poverty level. These income levels may make it difficult to afford housing at the median housing value in the MSA for LMI borrowers.

Community Contacts

The OCC made a community contact in the AA during the evaluation period, which included a regional development nonprofit organization focused on economic development in LMI areas. The community contact indicated that the following are identified needs within the AA.

- Small loans to small businesses particularly to start-up businesses
- Financial expertise and support to various non-profits
- Invest in supporting economic development projects in the area

NC Non-MSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Piedmont FSB Non MSA 2020-2021						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	27	0.0	11.1	51.9	37.0	0.0
Population by Geography	121,186	0.0	7.6	62.1	30.3	0.0
Housing Units by Geography	65,754	0.0	6.6	53.5	39.9	0.0
Owner-Occupied Units by Geography	31,955	0.0	6.7	63.3	30.0	0.0
Occupied Rental Units by Geography	15,463	0.0	9.5	54.4	36.1	0.0
Vacant Units by Geography	18,336	0.0	3.8	35.8	60.5	0.0
Businesses by Geography	8,653	0.0	11.0	50.2	38.8	0.0
Farms by Geography	429	0.0	4.2	61.5	34.3	0.0
Family Distribution by Income Level	29,541	21.6	17.3	19.3	41.8	0.0
Household Distribution by Income Level	47,418	30.2	14.4	16.1	39.3	0.0
Median Family Income Non-MSAs - NC		\$47,217	Median Housing Value			\$181,045
			Median Gross Rent			\$730
			Families Below Poverty Level			15.2%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Table A – Demographic Information of the Assessment Area						
Assessment Area: Piedmont FSB Non MSA 2022						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	31	0.0	3.2	58.1	35.5	3.2
Population by Geography	120,055	0.0	3.0	55.7	37.0	4.3
Housing Units by Geography	67,729	0.0	2.6	50.8	42.2	4.3
Owner-Occupied Units by Geography	34,994	0.0	2.9	63.4	31.9	1.8
Occupied Rental Units by Geography	15,361	0.0	4.0	44.5	38.5	13.0
Vacant Units by Geography	17,374	0.0	0.9	31.1	66.2	1.7
Businesses by Geography	11,556	0.0	3.4	42.6	42.6	11.4
Farms by Geography	548	0.0	1.3	59.3	34.9	4.6
Family Distribution by Income Level	30,381	18.0	17.0	20.8	44.2	0.0
Household Distribution by Income Level	50,355	25.2	15.6	16.3	42.9	0.0
Median Family Income Non-MSAs - NC		\$57,962	Median Housing Value			\$204,429
			Median Gross Rent			\$808
			Families Below Poverty Level			10.9%
<i>Source: 2020 U.S. Census and 2022 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Based on 2015 and 2020 ACS U.S. Census data, the NC Non-MSA AA consisted of 27 CTs during 2020-2021 and 31 CTs for 2022. There are no low-income CTs in the AA. For 2020-2021, moderate-income CTs represented 11.1 percent and in 2022 moderate-income CTs represented 3.2 percent of CTs. The total population of the AA from 2020-2021 was 121,186 and for 2022 the total population was 120,055. The percentage of the population living in moderate-income CTs was approximately 7.6 percent during 2020-2021 and 3.0 percent in 2022. While the bank does not have any branches situated in LMI CTs in the AA, the Wilkes County Branch is located near a moderate-income CT.

Piedmont Federal faces strong competition in the AA. As of June 30, 2022, there were \$3.27 billion in deposits held among 15 lenders with 26 branches located in the AA. The bank ranks 10th in the AA and holds 2.04 percent of the total deposit market share. The primary competitors were large national and regional banks. The top three competitors in the AA hold 63.65 percent of the total deposit market share and are Truist Bank, Wells Fargo, and First National Bank of Pennsylvania.

An analysis of 2021 HMDA peer mortgage data in the AA further demonstrates the strong level of competition faced by the bank. The bank ranks 18th among lenders and originated 62 home mortgage loans in the NC Non-MSA AA in 2021 for a market share of 1.23 percent. During the same period, an average of 330 other lenders originated or purchased a total of 5,053 home mortgage loans within the AA. The top three competitors originated 29.27 percent of the home mortgage loans in the AA and are State Employee's Credit Union, Rocket Mortgage, and Truist Bank.

Employment and Economic Factors

The primary industries in AA are manufacturing, retail, health care and social assistance, and accommodation & food services. According to the North Carolina Department of Commerce, leading employers were Tyson Farms Inc., Appalachian State University, Appalachian Regional Healthcare System, Wilkes County Board of Education, and Lowes Home Centers.

According to December 2022 U.S. Bureau of Labor Statistics, the Watauga and Wilkes Counties unemployment rates were reported as 2.6 and 3.2 percent, respectively, which compared favorably with the national unemployment rate of 3.5 percent. During the onset of the COVID-19 Pandemic, the Watauga and Wilkes Counties unemployment rates reached a high of 14.8 and 13.2 percent, respectively.

Housing

The 2020 U.S. Census data reported single family homes make up most of the housing units in the AA, with 74.1 percent of the homes consisting of one-unit, detached dwellings. Total rental occupied units are 22.68 percent, and multi-family units accounted for 10.14 percent of the housing units. The median housing value in the AA was \$204,429 for the 2022 evaluation period and the median gross rent was \$808 per month. Based on the 2015 ACS U.S. Census data, single-family 1-4 units and multi-family units represented 71.0 percent and 10.9 percent of the housing units, respectively, in the AA for the 2020 and 2021 evaluation period. The median housing value in the AA was \$181,045 and the median gross rent was \$730 per month.

Homeownership in LMI geographies may be difficult due to high median housing prices compared to median family income. According to the 2020 U.S. Census, the median family income for the AA was \$57,962, which would result in a low-income household annual income below \$28,981 and moderate-income household annual income between \$28,981 and \$46,370. The 2015 ACS U.S. Census reported the median family income for the AA was \$47,217, which would result in a low-income household annual income below \$23,609, and moderate-income household annual income between \$23,609 and \$37,774. Additionally, 10.9 percent of households in the AA are below the poverty level. These income levels may make it difficult to afford housing at the median housing value in the AA for LMI borrowers.

Community Contacts

The OCC made a community contact in the AA during the evaluation period, which included a county agency focused on economic development and community revitalization. The community contact indicated that the following are identified needs within the AA.

- Training and technical assistance to small businesses
- Small business lending to access capital needs
- Job development and creation amongst current employers
- Investment in nonprofit programs
- Living wage employment
- Lending and investment products for nonprofit organizations
- Financial literacy education, specifically to young students
- Funding for after-school and youth programs
- Serve on boards, committees, and other volunteer opportunities

Scope of Evaluation in North Carolina

Piedmont Federal's AAs consist of the Winston-Salem, NC MSA, Greensboro-High Point, NC MSA, and the NC Non-MSA AAs. We will perform a full-scope review of each AA. Home mortgage loans are the primary loan product for the evaluation period.

The analysis for borrower and geographic distribution is based on originations of home mortgage loans during the evaluation period. Home mortgage loan data was analyzed using the Home Mortgage Disclosure Act Loan Register (HMDA-LAR) information. We placed more weight on the geographic distribution of loans versus lending to borrower of different income due to barriers of home ownership for LMI families.

We weighted the lending in the Winston Salem, NC MSA AA more heavily than performance in the Greensboro-High Point, NC MSA and the NC Non-MSA AAs given the majority of the bank's deposits, loans, and branches are located in this AA. The Winston Salem, NC MSA holds 89 percent of total bank deposits, 76 percent of loans, and 70 percent of the branch network. The bank maintains a small presence in the Greensboro-High Point, NC MSA and the NC Non-MSA markets, with a deposit market share of 2.4 and 8.6 percent, respectively, according to the FDIC Summary of Deposits Market Share Report as of June 30, 2022.

At the start of this evaluation, the peer comparison data was not available for 2022. To ensure a meaningful analysis was conducted, 2022 lending data was analyzed separately from combined 2020 and 2021 lending data.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NORTH CAROLINA

LENDING TEST

The bank's performance under the Lending Test in North Carolina is rated Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's lending performance in the state of North Carolina is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of loans in the state.

Home Mortgage Loans

Refer to Table O in the state of North Carolina section of appendix D for the facts and data used to evaluate the geographic distribution of home mortgage loan originations and purchases.

Winston-Salem, NC MSA AA

The percentage of loans to borrowers in LMI CTs is well below both the percentage of owner-occupied housing units and the percentage of aggregate loans originated during the 2020 and 2021 evaluation period. However, the ability to lend in low-income tracts was limited given only 3.3 percent of owner-occupied housing units were located in these tracts.

During 2022, the percentage of loans to borrowers in low-income CTs is below the percentage of owner-occupied housing units. However, the percentage of housing units in low-income tracts is low at only 2.9 percent. The percentage of loans to borrowers in moderate-income CTs was well below the percentage of owner-occupied housing units.

While evaluating the reasonableness of geographic distribution in the AA, we considered the distribution of LMI CTs in the MSA. The majority of the CTs in the MSA are middle- and upper-income CTs. Additionally, the bank faces a high level of competition in MSA from other lenders. Piedmont Federal is exclusively a portfolio lender, manually underwriting all loans, and retaining all mortgages. More conservative underwriting standards coupled with competition and the limited number of LMI tracts in the AA has negatively impacted the bank's ability to lend in LMI geographies in the MSA. Given the limitations noted above, we determined geographic distribution of loans was reasonable in the AA. As noted above, this AA received the most weight in our determination of reasonableness of geographic distribution overall given the majority of bank activity is located within the AA.

Greensboro-High Point, NC MSA AA

The percentage of loans to borrowers in LMI CTs is well below both the percentage of owner-occupied housing units and the percentage of aggregate loans originated during the 2020 and 2021 evaluation period.

During the 2022 evaluation period, the percentage of loans to borrowers in low-income CTs was similar to the percentage of owner-occupied housing units. The percentage of loans to borrowers in moderate-income CTs is well below the percentage of owner-occupied housing units.

While evaluating geographic distribution in the AA, we considered the distribution of LMI CTs in the MSA. The majority of the CTs in the MSA are middle- and upper-income CTs and approximately 79 percent of all owner-occupied housing units reside in these tracts. Additionally, the bank faces a high level of competition in MSA from other lenders.

NC Non-MSA AA

The percentage of loans to borrowers in moderate-income CTs is well above both the percentage of owner-occupied housing units and the percentage of aggregate loans originated during the 2020 and 2021 evaluation period.

During the 2022 evaluation period, the percentage of loans to borrowers in moderate-income CTs was near the percentage of occupied housing units.

There are no low income CTs in the AA.

Distribution of Loans by Income Level of the Borrower

The bank exhibits reasonable distribution of loans to individuals of different income levels given the product lines offered by the bank.

Home Mortgage Loans

Refer to Table P in the state of North Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of home mortgage loan originations and purchases.

Winston-Salem, NC MSA AA

For the 2020 and 2021 evaluation period, the percentage of loans to low-income borrowers was well below the percentage of aggregate low-income families but was near the percentage of aggregate lending. The percentage of loans to moderate-income borrowers was below both the percentage of moderate-income families and the percentage of aggregate lending.

During the 2022 evaluation period, the percentage of loans to low-income borrowers was well below the percentage of aggregate low-income families. The percentage of loans to moderate-income borrowers was below the percentage of aggregate moderate-income families.

While evaluating the distribution of loans by income level of the borrower in the AA, we considered the need for affordable housing and the rise in housing prices that may impact the bank's ability to originate loans to LMI borrowers. As mentioned earlier, 11.0 percent of households within the MSA are below the poverty level. Given that median housing prices have risen from \$145,961 to \$161,417, it has become increasingly difficult for these families to afford housing within the AA. Therefore, LMI borrowers may have difficulty qualifying for home mortgage loans. Additionally, bank originations to low-income borrowers in 2020 and 2021, was near to peer level originations, evidencing efforts to lend to this group.

Greensboro-High Point, NC MSA AA

For the 2020 to 2021 evaluation period, the percentage of loans to low-income borrowers was well below percentage of low-income families but was near the percentage of aggregate lending. The percentage of loans to moderate-income borrowers was well below both the percentage of moderate-income families and the percentage of aggregate lending.

During the 2022 evaluation period, the percentage of loans to low-income borrowers was well below the percentage of aggregate low-income families. The percentage of loans to moderate-income borrowers was below the percentage of moderate-income families.

In evaluating the distribution of loans to borrowers of different income levels, we considered the need for affordable housing and the rise in housing prices that may impact the bank's ability to originate loans to LMI borrowers. As mentioned earlier, 11.6 percent of households within the MSA are below the poverty level. Given the median housing prices have risen from \$145,143 to \$156,645, it has become increasingly difficult for these families to afford housing within the AA. Therefore, LMI borrowers may have difficulty qualifying for home mortgage loans.

NC Non-MSA AA

For the 2020 and 2021 evaluation period, the percentage of loans to low-income borrowers was well below the percentage of aggregate low-income families but was well above the percentage of aggregate lending. The percentage of loans to moderate-income borrowers was below the percentage of moderate-income families but well above the percentage of aggregate lending.

During the 2022 evaluation period, the percentage of loans to low-income borrowers was well below the percentage of low-income families. The percentage of loans to moderate-income borrowers was below the percentage of moderate-income families.

In evaluating the distribution of loans to borrowers of different income levels, we considered the need for affordable housing and the rise in housing prices that may impact the bank's ability to originate loans to LMI borrowers. As mentioned earlier, 10.9 percent of households within the AA are below the poverty level. Given the median housing prices have risen from \$181,045 to \$204,429, it has become increasingly difficult for these families to afford housing within the AA. Therefore, LMI borrowers may have difficulty qualifying for home mortgage loans. Additionally, the bank's outperformance in originations in 2020 and 2021 to low- and moderate-income borrowers compared to aggregate lender data evidences their efforts to lend to these groups.

Responses to Complaints

Piedmont Federal did not receive any complaints about its performance in helping to meet credit needs in the state of North Carolina during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of North Carolina is rated Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank exhibits adequate responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the AAs. CD activities had a positive impact on the overall state rating.

Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$ (000's)	% of Total \$
Winston Salem, NC MSA	2	7%	400	9%
Greensboro – High Point, NC MSA	3	11%	478	11%
NC Non-MSA	0	0%	0	0%
Broader Statewide Area	23	82%	3,542	80%
Total	28	100%	4,420	100%

Piedmont Federal demonstrated adequate responsiveness to CD needs by offering qualified CD loans to LMI individuals within the AAs and in the state of North Carolina. During the evaluation period, the bank extended five loans totaling \$878,000, representing 0.37 percent of tier 1 capital in the AAs. Additionally, the bank originated 23 loans totaling \$3.54 million, representing 1.49 percent of tier 1 capital in the state of North Carolina. CD loans originated in the AA and the state of North Carolina promoted economic development through the creation of affordable housing for LMI individuals and provided financing for vital services in LMI communities. Notable loans to support CD activities included:

- \$400,000 to purchase interests in two loans to fund the construction of 136 affordable housing units in the Winston-Salem, NC MSA.
- \$487,000 to purchase interests in three loans to fund the construction of 144 affordable housing units in the Greensboro-High Point, NC MSA.

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Winston Salem, NC MSA	1	425	54	2,304	55	65%	2,729	45%	2	1,668
Greensboro-High Point, NC MSA	0	0	7	837	7	8%	837	14%	1	241
NC Non-MSA	1	98	11	24	12	14%	122	2%	0	0
Broader Statewide Area	0	0	10	2,315	10	12%	2,315	39%	1	2,624
Total	2	523	82	5,480	84	100%	6,003	100%	4	4,533

* 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.

Piedmont Federal demonstrated adequate responsiveness to CD needs within the AAs and in the state of North Carolina during the evaluation period through qualified investments and donations. The bank made 82 qualified donations and investments to several organizations totaling approximately \$5.48 million. Notable donations included:

- \$2.8 million in mortgage-backed securities that funded housing for LMI families in the AAs.
- \$185,000 in donations to organizations and charities serving LMI communities within the AAs.
- \$174,000 in donations to a non-profit tax credit syndicate to invest in affordable rental housing in the AAs.

Extent to Which the Bank Provides Community Development Services

Piedmont Federal demonstrated adequate responsiveness to CD needs when offering qualified services to LMI individuals within the AAs during the evaluation period. Fifteen bank employees volunteered significant time during the evaluation period by holding financial related leadership positions at eight organization that provide affordable housing and social services for LMI individuals and families.

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 MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	01/01/2020 to 12/31/2022	
Bank Products Reviewed:	Home mortgage loans, community development loans, qualified investments, community development services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	None	None
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
North Carolina:		
Winston-Salem, NC MSA	Full-scope	All CTs in Forsyth, Davidson, Davie, Stokes, and Yadkin Counties
Greensboro-High Point, NC MSA	Full-scope	All CTs in Guilford, Rockingham, and Randolph Counties
NC Non-MSA	Full-scope	All CTs in Watauga and Wilkes Counties

Appendix B: Summary of State Ratings

RATINGS PIEDMONT FEDERAL SAVINGS BANK			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State Rating
Piedmont Federal Savings Bank	Satisfactory	Satisfactory	Satisfactory
State:			
North Carolina	Satisfactory	Satisfactory	Satisfactory

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, other secured consumer loans, and other unsecured consumer loans.

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

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (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 conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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

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

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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, and half below, a range of incomes.

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

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

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.

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.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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) 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 1 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.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of 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 are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography - 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 aggregate peer data for the years the data is available.

Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower - 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 MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2020-21
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Winston-Salem MSA	767	159,529	74.9	32,715	3.3	0.9	2.2	15.8	7.2	12.0	44.9	27.1	41.7	35.9	64.5	44.1	0.0	0.3	0.1
Greensboro-High Point MSA	126	29,420	12.3	34,585	2.7	0.0	1.7	17.2	4.0	13.5	45.8	32.5	41.7	34.3	63.5	43.2	0.0	0.0	0.0
NC Non-MSA	131	22,404	12.8	5,053	0.0	0.0	0.0	6.7	10.7	4.7	63.3	61.8	42.4	30.0	27.5	52.8	0.0	0.0	0.0
Total	1,024	211,352	100.0	72,353	2.8	0.7	1.8	15.7	7.2	12.2	46.8	32.2	41.7	34.7	59.7	44.2	0.0	0.2	0.0

Source: 2015 ACS; 01/01/2020 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2022
Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Winston-Salem MSA	251	56,309	79.4	2.9	1.2	--	13.7	6.8	--	54.1	37.5	--	29.2	54.6	--	0.0	0.0	--	
Greensboro-High Point MSA	29	6,297	9.2	3.7	3.4	--	17.2	3.4	--	44.0	44.8	--	34.7	48.3	--	0.3	0.0	--	
NC Non-MSA	36	8,819	11.4	0.0	0.0	--	2.9	2.8	--	63.4	44.4	--	31.9	44.4	--	1.8	8.3	--	
Total	316	71,425	100.0	3.0	1.3	--	14.4	6.0	--	50.2	38.9	--	32.0	52.8	--	0.3	0.9	--	

Source: 2020 U.S. Census; 01/01/2022 - 12/31/2022 Bank Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2020-21	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Winston-Salem MSA	767	159,529	74.9	32,715	22.4	4.4	5.5	17.6	13.8	17.2	19.0	22.2	21.1	41.1	55.9	41.3	0.0	3.7	14.8	
Greensboro-High Point MSA	126	29,420	12.3	34,585	21.7	3.2	5.4	18.3	7.1	17.0	18.4	23.0	20.7	41.7	62.7	41.6	0.0	4.0	15.3	
NC Non-MSA	131	22,404	12.8	5,053	21.6	6.1	1.9	17.3	14.5	9.4	19.3	16.8	14.8	41.8	61.8	62.4	0.0	0.8	11.5	
Total	1,024	211,352	100.0	72,353	22.0	4.5	5.2	17.9	13.1	16.6	18.7	21.6	20.5	41.4	57.5	42.9	0.0	3.3	14.8	

Source: 2015 ACS ; 01/01/2020 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																		2022
Assessment Area:	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Winston Salem MSA	251	56,309	79.4	21.7	6.0	--	17.3	14.3	--	20.3	23.1	--	40.8	53.4	--	0.0	3.2	--
Greensboro-High Point MSA	29	6,297	9.2	21.9	6.9	--	18.0	13.8	--	19.0	6.9	--	41.1	72.4	--	0.0	0.0	--
NC Non-MSA	36	8,819	11.4	18.0	5.6	--	17.0	11.1	--	20.8	27.8	--	44.2	55.6	--	0.0	0.0	--
Total	316	71,425	100.0	21.5	6.0	--	17.6	13.9	--	19.7	22.2	--	41.2	55.4	--	0.0	2.5	--

Source: 2020 U.S. Census ; 01/01/2022 - 12/31/2022 Bank Data, "--" data not available.
Due to rounding, totals may not equal 100.0%