



PUBLIC DISCLOSURE

February 11, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

FIRST BANK

SOUTHERN PINES, NORTH CAROLINA

**Federal Reserve Bank of Richmond
Richmond, Virginia**

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

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216922

300 SW Broad Street

Southern Pines, NC 28387

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: *First Bank* is rated "SATISFACTORY."

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

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

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

Major factors supporting the institution's rating include:

- Lending activity is consistent with the bank's capacity and overall reflects good responsiveness to the credit needs of the assessment areas.
- A substantial majority of the institution's reported Home Mortgage Disclosure Act (HMDA), small business, and small farm loans were originated within the bank's assessment areas.
- While the bank's geographic and borrower distribution performance varies by assessment area and product type, its geographic and borrower distribution performance are each considered adequate overall.
- The bank exhibits an adequate record of serving the credit needs of low-income individuals and areas as well as small businesses and small farms.
- The bank originated a relatively high level of community development loans in North Carolina, while it is a leader in making community development loans in South Carolina. It also makes use of innovative and flexible lending practices in serving assessment area credit needs.
- The bank maintains a significant level of qualified community development investments within North Carolina and it maintains an adequate level of qualified investments in South Carolina. Overall, the bank makes occasional use of innovative and/or complex investments to support community development initiatives.
- First Bank exhibits good responsiveness credit and community development needs through its investment and grant activity.
- Delivery systems and branch locations are accessible to individuals and geographies of different income levels within the bank's overall assessment areas.
- The bank's opening and closing of branch locations generally did not adversely affect the accessibility of its delivery systems, particularly to low- and moderate-income people and areas. Banking services do not vary in a way that inconveniences the bank's assessment areas, particularly low- and moderate-income areas and/or people.
- The bank's performance in providing community development services varies by assessment area and state given its capacity and available opportunities. Within North Carolina, the bank provided a relatively high level of community development services, while in South Carolina the bank provided an adequate level.

- First Bank's performance rating was not adversely impacted by discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs as no such activity was identified.

INSTITUTION

DESCRIPTION OF INSTITUTION

First Bank (FB) is headquartered in Southern Pines, North Carolina, and operates 102 branch offices in North Carolina and South Carolina. The bank is a wholly-owned subsidiary of First Bancorp, which is headquartered in Southern Pines, North Carolina. Since the previous CRA evaluation, FB acquired Carolina Bank on March 4, 2017, and Asheville Savings Bank on October 1, 2017.

The bank’s previous CRA evaluation, dated December 14, 2015, was rated Satisfactory. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment areas.

As of December 30, 2018, the bank held assets totaling \$5.9 billion, of which 72.2% were net loans and 10.3% were securities. As of the same time period, deposits totaled approximately \$4.7 billion. Various deposit and loan products are available through the institution including loans for residential mortgage, consumer, and business purposes. The composition of the loan portfolio (using gross loans) as of December 31, 2018, is represented in the following table.

Composition of Loan Portfolio

Loan Type	12/31/2018	
	\$(000s)	%
Secured by 1-4 Family dwellings	1,418,916	33.4
Multifamily	172,010	4.0
Construction and Development	518,976	12.2
Commercial & Industrial/ NonFarm NonResidential	1,860,429	43.7
Consumer Loans and Credit Cards	71,392	1.7
Agricultural Loans/ Farmland	47,211	1.1
All Other	165,011	3.9
Total	4,253,945	100.0

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

Currently, FB serves 19 assessment areas located within the states of North Carolina and South Carolina. Appendix E includes a complete listing of each assessment area and the political subdivisions delineated in each assessment area. Since its previous examination in December 2015, the bank opened or acquired 31 branch locations and closed, sold, or consolidated 19 branch offices. FB acquired a portion of its new branches by way of its acquisitions of Carolina Bank and Asheville Savings Bank. Other new bank branches were acquired from other financial institutions or opened as de novo offices. As a result of its branching activity, the bank delineated two new assessment areas during 2017– the Burlington, NC Metropolitan Statistical Area (MSA) and the McDowell, NC NonMSA assessment areas. Appendix F includes additional details about the location and timing of the bank’s branching activity.

SCOPE OF EXAMINATION

FB was evaluated as a Large Bank using the interagency examination procedures developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures, HMDA, small business, and small farm lending activity reported by FB from January 1, 2016, through December 31, 2017, was reviewed.

Qualified community development loans that were originated or renewed from December 14, 2015, the date of the most recent CRA evaluation, through February 11, 2019 (i.e. the evaluation period), are also considered for this evaluation. All qualified community development services provided since the previous evaluation, all qualified investments made during the evaluation period, and those investments outstanding as of the date the evaluation began, regardless of when made, were also considered. The evaluation considers only the activities of FB and does not include the activities of any other affiliates.

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

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

- Pinehurst-Southern Pines-Lumberton, NC nonmetropolitan (NonMSA) assessment area
- Asheville-Brevard, NC assessment area
- Wilmington, NC assessment area
- Greensboro-Winston-Salem-High Point, NC assessment area
- Myrtle Beach-Conway-N. Myrtle Beach, NC assessment area
- Charlotte-Concord-Gastonia, NC assessment area
- Florence, SC assessment area
- Chesterfield, SC NonMSA

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

During 2016, the bank operated six branches in four assessment areas located in Virginia; however, FB sold these branches to another financial institution during 2016. Following the sale of its Virginia branches, the bank longer had assessment areas in Virginia. From an evaluation perspective, bank lending in the Virginia assessment areas during 2016 is reflected as lending within the bank's assessment areas within the *Assessment Area Concentration* section of this evaluation. Given the limited amount of time that the assessment areas existed in relation to the overall review period and the small volume of such lending (i.e. 32 total loans in four assessment areas), the bank's overall CRA performance is not evaluated for the Commonwealth of Virginia or its assessment areas as it would not impact the bank's overall performance.

During 2016 and 2017, FB reported originating 267 small farm loans totaling \$28.2 million across all of its assessment areas. When considering small farm lending by assessment area, FB's small farm lending is concentrated in the Pinehurst-Southern Pines-Lumberton, NC NonMSA assessment area, where 124 small farm loans totaling \$9.4 million were made. Given the concentration of small farm lending within this one assessment area and lower volume of small farm lending in other assessment areas, FB's small farm geographic and borrower distribution performance is evaluated only in the Pinehurst-Southern Pines-Lumberton, NC NonMSA assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The institution's overall rating is based on the ratings assigned to each state, and these ratings are weighted primarily according to bank activity as measured by relative lending volume, amount of deposits, and the number of branches. According to evaluation procedures, the Lending Test performance accounts for half of the overall rating, while the Investment and Service Tests are equally weighted and combined, account for the remaining half of the overall rating. In all cases, conclusions also take into account relevant performance context factors.

As indicated in Appendix D, the bank’s operations (i.e. loan originations, branches, and deposit account volume) are heavily concentrated in the State of North Carolina. As such, FB’s performance in North Carolina is weighted more heavily than its performance in South Carolina when considering the institution’s overall performance ratings.

LENDING TEST

The bank's overall lending test performance is rated High Satisfactory. This rating considers the bank's lending activity, assessment area concentration, geographic and borrower distribution performances, responsiveness, community development lending, and product innovation. These components are discussed in the subsequent sections.

When evaluating the bank's performance, relevant area demographic data from the 2010 and 2015 American Community Survey (ACS) are used as proxies for demand. While ACS data is collected and published by the U.S. Census Bureau on an annual basis, the demographic data relied upon in this performance evaluation is based on the ACS data that is published and updated once every five years. Dun & Bradstreet (D&B) demographic data from 2016 and 2017 is also considered when evaluating the bank's performance. Additionally, aggregate HMDA and CRA small business and small farm loan data reported from 2016 and 2017 is considered when evaluating the bank's performance. Aggregate data includes all activity reported by lenders subject to reporting HMDA and CRA loan data within the bank's assessment areas. Because FB is required to report HMDA and CRA loan data, its lending is included in the aggregated data.

While HMDA and CRA data from calendar years 2016 and 2017 were fully analyzed and considered in the evaluation, only bank and aggregate data for 2017 are presented in the assessment area analysis tables. In instances where the performance for 2016 varies significantly from the performance noted during 2017, such variance and the corresponding impact on the overall performance are discussed.

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

Lending Activity:

Combined lending activity from 2016 and 2017 based on the bank’s reported loan data reviewed during this evaluation is detailed in the following table.

Summary of Lending Activity				
January 1, 2016 through December 31, 2017				
Loan Type	#	%	\$(000s)	%
Home Purchase	2,664	44.6%	\$623,439	49.7%
Home Improvement	180	3.0%	\$16,892	1.3%
Refinance	663	11.1%	\$146,919	11.7%
Multi-Family Housing	41	.7%	\$75,319	6.0%
Total HMDA	3,548	59.4%	\$862,569	68.7%
Small Business	2,120	35.5%	\$358,085	28.5%
Small Farm	307	5.1%	\$34,394	2.8%
Total Loans	5,975	100%	\$1,255,048	100%

Overall, the bank’s lending levels reflect good responsiveness to credit needs, based on the lending activity analyzed under the Lending Test. The total number and dollar volume of loans were considered in arriving at the lending activity conclusion. In addition, loan volumes in the assessment areas are also generally comparable with the bank’s share of deposits in its assessment areas.

Information about the bank's loan-to-deposit ratio, changes in loans and deposits, and its market share and rankings can provide additional context regarding the bank's lending activity and its capacity. As of December 31, 2018, FB's loan-to-deposit ratio equaled 90.7% and averaged 90.8% during the 13-quarter period ending December 31, 2018. Since September 30, 2015, FB's loans and deposits increased by similar amounts (i.e. 72.4% and 72%, respectively). A majority of the bank's growth in loans and deposits (approximately 64.1% and 65.8%, respectively) resulted from its acquisitions of Carolina Bank and Asheville Savings Bank. The remaining growth was internal and related to the acquisitions of a few bank branches.

According to 2017 aggregate data, FB ranked 19th out of 902 reporters in mortgage lending with a 1% market share and 16th out of 211 reporters in reported small business/farm loans with a 1% market share. Market share rankings include both originated and purchased loans. The bank's comparatively high market share rankings indicate that the bank is an active lender within its combined assessment areas.

To meet the credit needs of its various assessment areas, FB offers a broad range of financial products and services. In addition, the bank offers loan products and participates in loan programs that have flexible criteria or are designed to meet specific credit needs that often benefit low- and moderate-income borrowers or aid in the revitalization of low- and moderate-income and underserved middle-income census tracts. The following are examples of loan programs that the bank has utilized in an effort to be responsive to community credit needs.

- Small Business Administration (SBA) – The bank offers SBA products that provide businesses with access to capital with terms that are more flexible than conventional financing. During the evaluation period, FB originated 48 SBA loans totaling \$91.3 million.
- Low Income Housing Tax Credit (LIHTC) Program – FB originated 15 multi-family housing loans through the LIHTC program totaling \$57.9 million.
- “Dream It, Own It” – FB created and offers a community development mortgage portfolio loan program known as “Dream It, Own It.” The loan program is limited to primary residence home buyers in area low-, moderate-, and middle-income census tracts. The loan program has flexible underwriting criteria and many borrowers have low- or moderate-incomes. During the evaluation period, FB originated 51 such loans totaling \$8.1 million.
- FB Small Dollar Loans – FB offers consumer loans in amounts of \$5,000 or less that have favorable interest rates, fees, and repayment terms. During the evaluation period, FB originated 2,048 small dollar consumer loans totaling \$6.2 million. By offering small dollar consumer loans, FB reduces the need for some borrowers to use payday and title lenders, whose loans often have much higher costs.
- Centrant Community Capital – FB provided \$1.7 million in funding for 39 affordable housing loans originated by Centrant Community Capital (formerly known as CICNC and CICCAR) during the evaluation period. Additional specific information about these activities is provided in the *State of North Carolina* section of this evaluation.
- Economic Development and Housing Activities in North Carolina – FB partnered with the North Carolina Rural Economic Development Center and the North Carolina Housing Finance Agency to provide community development and affordable housing loans in North Carolina.
- Disaster Relief – FB provided a variety of disaster relief loan services following Hurricanes Florence and Matthew. Additional specific information about these activities is provided in the *State of North Carolina* section of this evaluation.

While many of these loans have been reported by the bank as community development or HMDA loans, they are examples of FB using flexible lending products to meet credit needs within its assessment areas and larger statewide areas. FB makes extensive use of innovative and/or flexible lending practices in serving assessment area credit needs.

Assessment Area Concentration:

The institution's lending volume of reported HMDA, small business, and small farm loans from January 1, 2016, through December 31, 2017, is reflected in the following table.

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

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	2,286	85.8	539,563	86.5	378	14.2	83,876	13.5
Home Improvement	174	96.7	16,470	97.5	6	3.3	422	2.5
Refinancing	532	80.2	117,452	79.9	131	19.8	29,467	20.1
Multi-Family Housing	34	82.9	56,696	75.3	7	17.1	18,623	24.7
Total HMDA related	3,026	85.3	730,181	84.7	522	14.7	132,388	15.3
Small Business	1,916	90.5	296,400	82.9	200	9.5	61,300	17.1
Small Bus - Secured by Real Estate	0	0.0	0	0.0	0	0.0	0	0.0
Total Small Bus. Related	1,916	90.5	296,400	82.9	200	9.5	61,300	17.1
Small Farm	271	87.1	28,551	82.1	40	12.9	6,228	17.9
TOTAL LOANS	5,213	87.2	1,055,132	84.1	762	12.8	199,916	15.9

As indicated in the preceding table, a substantial majority of the total number (87.2%) and dollar amounts (84.1%) of loans have been provided to borrowers within the bank's assessment areas.

Geographic and Borrower Distribution:

When evaluating the geographic and borrower distribution for a specific loan category within an assessment area, primary emphasis is placed on the number of loans originated or purchased. To arrive at an overall assessment area level conclusion regarding the distribution of lending, performance in each loan category is then weighted by the dollar volume and strength of performance for each category extended in the assessment area. Similarly, when the performance of multiple assessment areas is considered to reach a statewide and/or institutional rating, the overall level of performance from each assessment area subject to full-scope review is weighted primarily according to the dollar volume of originations during the review period.

While the bank is an active residential mortgage and small business lender, it extended a larger volume of residential mortgage loans than small business loans within many of its assessment areas. Accordingly, the bank's residential mortgage lending performance was generally given more weight when considering the bank's combined product performance. As previously indicated, the bank's small farm lending is evaluated in one bank assessment area where it is concentrated. Because of its smaller volume, the bank's small farm lending performance has less impact on overall conclusions than the performance of the bank's residential mortgage and small business lending.

Within FB's market areas, a high level of small business lending activity was reported by specialized lenders, who often originate small business loans in the form of credit cards. These loans, however, tend to be much smaller in size than traditional small business bank loans, and a substantial majority of such loans do not have revenue data reported. The presence of these lenders is reflected in a smaller market share for traditional lenders and tends to understate the percentage of aggregate lending to businesses with annual revenues of \$1 million or less. Consequently, the presence of these lenders was considered as an aspect of performance context when evaluating the level and distribution of bank lending.

The bank's geographic distribution performance is considered adequate in North Carolina and poor in South Carolina. Borrower distribution performance is considered adequate overall in both North Carolina and South Carolina. In reaching the overall conclusion, more weight was placed on the bank's performance in the State of North Carolina because a substantial majority of the bank's operations are concentrated in the state.

In general, FB's performance when lending to moderate-income people and areas tended to be stronger than its performance when lending to low-income people and areas. With this perspective, FB exhibits an adequate record of serving the credit needs of low-income and areas. FB performed better when lending to small businesses and exhibits a good record of serving the needs of area small businesses.

Community Development Lending:

The availability of safe and sound community development loan opportunities varies by assessment area. Community development lending opportunities within the bank's full-scope assessment areas are reasonably available in the metropolitan assessment areas (Asheville-Brevard, NC; Wilmington, NC; Greensboro-Winston-Salem-High Point, NC; Myrtle Beach-Conway-N. Myrtle Beach, NC; Charlotte-Concord-Gastonia, NC; and Florence, SC), while opportunities are limited in the bank's remaining full-scope nonmetropolitan assessment areas (Pinehurst-Southern Pines-Lumberton, NC NonMSA and Chesterfield, SC NonMSA). This conclusion is based, in part, upon the review of other public evaluations for institutions serving these assessment areas, as well as information from affordable housing and economic development officials working within the full-scope assessment areas. Additionally, the nonmetropolitan assessment areas are less densely populated and contain fewer low- and moderate-income census tracts, which can limit the availability of community development opportunities. Notwithstanding these limitations, the bank faces no constraints relative to its size and business strategy in making community development loans and has extended such loans consistent with available opportunities.

During the evaluation period, the bank originated 177 community development loans totaling \$487.7 million. Of these loans, FB extended a \$2.6 million loan to an entity that promotes small business development throughout a larger regional area that includes the bank's assessment areas. Additional information regarding the remaining loans is included in the pertinent assessment area discussions. Overall, relative to available opportunities, the bank exhibited a relatively high level of community development lending during the evaluation period.

INVESTMENT TEST

FB's Investment Test performance is rated High Satisfactory. FB maintains a significant level of qualified community development investments and grants, occasionally in a leadership position. In addition, FB makes significant use of complex investments the support community development initiatives and exhibits good responsiveness to credit and community development needs.

As of December 31, 2018, the bank reported \$5.9 billion in total assets and a securities portfolio totaling \$602.6 million. As of the evaluation date, the bank held approximately \$28.2 million in qualified investments. The institution also actively supports numerous community development organizations by making charitable donations. During the evaluation period, the bank made charitable donations to community development organizations totaling approximately \$1.9 million on a combined assessment area basis.

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

- \$2.5 million investment in Community Affordable Housing Equity Corporation (CAHEC), a nonprofit regional tax credit equity syndicator that supports affordable housing across 11 southeastern and Mid-Atlantic States, including North Carolina and South Carolina.
- \$1.5 million investment in the North Carolina Community Development Initiative Capital, Inc. The investment supports Initiative Capital which is the lending function of the Initiative and is a certified Community Development Financial Institution (CDFI) that promotes job creation, affordable housing and community revitalization. The investment benefits low- and moderate income individuals within North Carolina and South Carolina.

- \$1.2 million investment in a fund issued by Plexus Capital, a licensed Small Business Investment Company (SBIC) that invests in businesses in a multistate region that includes North and South Carolina. SBICs are privately owned investment firms that are licensed by the Small Business Administration and provide venture capital to small businesses in the form of equity investments and subordinate debt that support small business development and job creation.
- \$747,782 investment in a fund issued by Salem Investment Partners, LP (Salem). Salem is a licensed SBIC that invests in businesses located in a multistate region, which includes North Carolina and South Carolina.
- \$150,354 investment in a fund issued by Capital South Partners (CSP). CSP is a licensed SBIC that invests in businesses located in the mid-Atlantic and southeast region, which includes North Carolina and South Carolina.
- \$46,522 investment in a bond issued by Fannie Mae. The bond is made up of loans extended to low- and moderate-income borrowers located in North Carolina and Virginia.

Qualified investments, including donations, targeting specific assessment areas are discussed in conjunction with the evaluation of those areas.

SERVICE TEST

The bank's overall performance under the Service Test is rated High Satisfactory. Within North Carolina, the bank's performance is rated High Satisfactory, while its performance in South Carolina is rated Low Satisfactory. FB's overall rating reflects the greater weight placed on its performance in North Carolina because a significant majority its operations (i.e. loan, branch, and deposit volume) are concentrated in North Carolina.

Delivery systems, branch locations, and hours of operation are considered accessible to individuals and geographies of different income levels within the bank's assessment areas. Of the 96 branch offices, two (2%) are located within low-income income areas and 18 (17.7%) are located in moderate-income areas. Retail banking services do not vary in a way that inconveniences any portion of the bank's assessment areas, including low- and moderate-income areas or people.

As indicated in Appendix F, the bank opened 31 branch offices and closed 19 branch offices during the evaluation period. None of the branching activity took place in low-income census tracts. Four branches were opened or acquired located in moderate-income census tracts, while the bank closed or sold seven branches located in moderate-income census tracts. All remaining branching activity occurred in middle- or upper-income census tracts. FB's branching activity generally did not adversely affect the accessibility of its banking delivery systems within its combined assessment areas, particularly for low- or moderate-income people or census tracts. Additional discussion of the bank's branching activity is provided within the applicable assessment areas.

Overall, FB and its employees provide a relatively high level of community development services within the bank's assessment areas. In North Carolina, the bank provided a relatively high level of support to organizations that provide community development services throughout its various assessment areas, while in South Carolina the bank participated in an adequate level of community development services. Additional discussion of community development services is included within the applicable assessment area sections of this evaluation.

ASSESSMENT AREA DELINEATIONS

A review of the bank's assessment areas found that its delineations complied with the requirements of Regulation BB. Assessment area delineations included all of the bank's branches and deposit taking automated teller machines (ATMs). While some of the bank's assessment area delineations include less than an entire MSA, the delineated areas contained whole geographies, did not reflect illegal discrimination (e.g. through the exclusion of majority-minority census tracts), and did not arbitrarily exclude low- or moderate-income census tracts.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

STATE OF NORTH CAROLINA

CRA RATING FOR NORTH CAROLINA: SATISFACTORY

The lending test is rated: High Satisfactory

The investment test is rated: High Satisfactory

The service test is rated: High Satisfactory

Major factors supporting the rating include:

- Overall lending activity is good in relation to the bank's capacity and local credit needs.
- The bank's geographic and borrower distribution performance varies by product within its assessment areas in North Carolina and is considered adequate overall.
- FB's responsiveness to the credit needs of low-income borrowers and areas varies across its assessment areas and is considered adequate overall. The bank's responsiveness to credit needs of area small businesses is good overall.
- The bank funded a relatively high level of community development loans in North Carolina during the evaluation period. In addition, FB makes use of innovative products and flexible lending practices to meet credit needs within its assessment areas.
- FB maintains a significant level of qualified investments that benefit North Carolina and its assessment areas within the state. FB also makes significant use of complex investments and exhibits good responsiveness to community development needs.
- Delivery systems and branch locations are accessible within the bank's assessment areas located in North Carolina. Retail banking services do not vary in a way that inconveniences the bank's assessment areas, particularly low- and moderate-income areas and people.
- The bank's opening and closing of branch locations has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income people and areas.
- The bank and its employees participated in a relatively high level of community development services within the North Carolina assessment areas during the evaluation period.

SCOPE OF EXAMINATION

Reported HMDA and CRA loans from calendar years 2016 and 2017 were analyzed to determine the bank's geographic and borrower distribution performance. Qualified community development loans and services are also considered for activities since the previous evaluation (December 14, 2015). All qualified investments made during this same period and those outstanding as of the evaluation, regardless of when made, were also considered.

As previously noted, FB's small farm lending was concentrated in the Pinehurst-Southern Pines-Lumberton, NC MSA assessment area during 2016 and 2017¹. Accordingly, FB's small farm lending performance was evaluated in this assessment area. Because the bank's small farm lending was not concentrated in any other assessment areas, it was not evaluated in any other assessment area in North Carolina.

The bank has delineated 16 assessment areas in North Carolina. On a combined basis, these assessment areas account for 96.1% of the bank's overall lending (dollar volume), 94.1% of branches, and 96.4% of deposit volume. Information about loan volume, branches, and deposits are included in Appendix D of this report.

¹ During 2016 and 2017, FB reported originating 262 small farm loans in its assessment areas in North Carolina, and 124 (47.3%) of these small farm loans were originated in the Pinehurst-Southern Pines-Lumberton, NC MSA assessment area.

Based upon relative size and concentration of banking activities, the following six assessment areas were identified as the bank's primary markets within North Carolina and were reviewed utilizing the FFIEC's full-scope evaluation procedures.

- Pinehurst-Southern Pines-Lumberton, NC NonMSA
- Asheville-Brevard, NC assessment area
- Wilmington, NC assessment area
- Greensboro-Winston-Salem-High Point, NC assessment area
- Myrtle Beach-Conway-North Myrtle Beach, NC assessment area
- Charlotte-Concord-Gastonia, NC assessment area

Consequently, the bank's performance ratings within North Carolina are based on its performance in these six assessment areas, as well as activities that take place at the statewide or institutional level. The remaining assessment areas were subject to limited review procedures, and a determination was made as to whether their performance exceeded, was consistent with, or was below the assigned state ratings. Appendices A and B include information about the evaluation's scope and statewide ratings.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NORTH CAROLINA

The institution operates 96 branch offices within 16 assessment areas in North Carolina. The bank's assessment areas are concentrated in central, eastern and western North Carolina. The 96 branch offices account for \$4.4 billion (96.4%) of the bank's total deposit base. As of June 2018, FB ranked 7th out of 62 institutions in deposit market share having 1.4% of the available FDIC insured deposits within the North Carolina assessment areas.

According to 2015 ACS data, the bank's combined assessment areas within the State of North Carolina have a population of 6,323,631, including 1,592,973 families. A majority of the families are middle- and upper-income (61.5%), while low- and moderate-income families comprise 21.4% and 17.1% of the total, respectively. Within these assessment areas, the owner-occupancy rate equals 55%, and 12.3% of families live below the poverty level. The following table details the median family income data for FB's assessment areas in North Carolina during 2016 and 2017.

Assessment Area	Median Family Incomes	
	2016	2017
Asheville, NC MSA	\$56,200	\$60,400
Burlington, NC MSA *	-	\$52,900
Charlotte-Concord-Gastonia, NC-SC MSA	\$64,100	\$67,700
Durham-Chapel Hill, NC MSA	\$72,100	\$71,200
Fayetteville, NC MSA	\$52,700	\$51,600
Greensboro-High Point, NC MSA	\$56,200	\$56,000
Greenville, NC MSA	\$59,300	\$54,200
Jacksonville, NC MSA	\$51,200	\$55,500
Myrtle Beach-Conway-North Myrtle Beach, SC-NC MSA	\$53,000	\$53,700
Raleigh, NC MSA	\$76,600	\$80,200
Wilmington, NC MSA	\$60,500	\$65,800
Winston-Salem, NC MSA	\$57,000	\$56,800
North Carolina Statewide Nonmetropolitan Areas	\$47,600	\$48,700

* The bank delineated the Burlington, NC MSA assessment area in 2017.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NORTH CAROLINA

When considering the overall statewide ratings, performance within the six assessment areas subject to full-scope review were generally weighted by the dollar volume of lending and strength of performance within the assessment areas. The statewide performance conclusions also include activities taking place within the statewide or larger regional area that includes North Carolina.

LENDING TEST

Overall, the statewide lending test is rated High Satisfactory. FB's volume of lending activity reflects a good level of responsiveness within the statewide area. Overall, the bank's geographic and borrower distribution performance is considered adequate. Similarly, FB generally exhibits an adequate record of serving the credit needs of low-income areas and people. However, its lending performance to small businesses demonstrates good responsiveness overall. In addition, FB made a relatively high level of community development loans during the evaluation period. The bank's strong community development lending performance is a key factor in the bank's overall Lending Test rating by compensating for adequate geographic and borrower performances

Lending Activity:

Overall, lending activity is considered good and is responsive to the credit needs of the assessment areas. During 2016 and 2017, FB reported 2,901 HMDA loans, 1,812 small business loans, and 262 small farm loans. FB's lending as measured by number and dollar volume within the assessment area (95.4% and 96.1%, respectively) is relatively similar to the percentage of area branches (94.1%) and the proportion of bank deposits (96.4%) within North Carolina.

According to 2017 aggregate data, FB ranked 21st out of 886 reporters in reported mortgage lending with a 1% market share and ranked 16th out of 209 reporters in small business lending with .9% market share. The relatively high market share rankings indicate that the bank is a significant provider of HMDA and CRA loans within its assessment areas in North Carolina.

The bank also offers loan products and participates in loan programs that have flexible criteria or are designed to meet specific credit needs that often benefit low- and moderate-income borrowers or aid in the revitalization of low- and moderate-income and underserved middle-income census tracts. In addition to the activities noted in the discussion of the overall institution, the following are examples of loan programs that the bank has utilized in an effort to be responsive to community credit needs.

- North Carolina Rural Economic Development Center (NC Rural Center) – FB partnered with the NC Rural Center to originate 18 loans to small businesses totaling \$26.2 million that created or otherwise retained 340 jobs.
- North Carolina Housing Finance Agency – FB originated 32 NC Home Advantage Mortgage loans totaling \$4.3 million in conjunction with the North Carolina Housing Finance Agency during the evaluation period.
- Disaster Relief Activities – Following Hurricanes Florence and Matthew, which were both designated disaster areas, FB modified 114 loans to borrowers affected by the hurricanes, deferred payments on six SBA loans, and originated 40 emergency relief loans totaling \$381,911 where funds were issued to borrowers waiting for insurance claims to be processed. FB also waived or refunded \$71,510 in overdraft and late payment fees to borrowers affected by the hurricanes.

While many of these loans have been reported by the bank as community development or HMDA loans, they are examples of FB using flexible lending products to meet credit needs within the state.

Geographic and Borrower Distribution:

The bank's geographic and borrower distribution performance vary by product type, year, and assessment area. Within the bank's six full-scope assessment areas in North Carolina, its HMDA geographic distribution performance varies from very poor to excellent and is adequate overall. FB's small business geographic distribution performance varies from adequate to excellent, and is considered good overall. Given the bank's larger volume of residential mortgage lending within North Carolina, the bank's residential mortgage lending performance was given greater weight when considering the overall geographic distribution performance, which is considered adequate.

From a borrower distribution performance perspective, the bank's HMDA lending distribution performance varies from very poor to good and is considered adequate overall. The bank's small business lending performance ranges from good to excellent and is considered good overall. Similar to the bank's geographic distribution performance, FB's borrower distribution performance is considered adequate overall.

Community Development Loans:

The availability of community development loan opportunities varies by assessment area. As previously discussed, community development lending opportunities within the bank's full-scope North Carolina assessment areas are reasonably available in the metropolitan assessment areas, while opportunities are limited in the nonmetropolitan assessment areas. The bank faces no constraints relative to community development lending when considering its capacity and local competition.

During the evaluation period, the bank originated 141 community development loans totaling \$389.6 million in North Carolina. Of these loans, 25 loans totaling \$38.1 million benefitted the broader statewide that includes North Carolina. Community development lending that specifically benefits the bank's assessment areas is included in the pertinent assessment area discussions. Overall, relative to available opportunities, the bank exhibited a relatively high level of community development lending during the evaluation period.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activity is rated High Satisfactory within the State of North Carolina. As of the date of this evaluation, FB held qualified investments totaling \$17.8 million and made community development donations totaling \$1.9 million that specifically benefitted North Carolina. FB exhibits good responsiveness and makes significant use of complex investments that support area community development needs.

The following qualified investments benefit the broader statewide area of North Carolina:

- CAHEC (\$3.6 million) – CAHEC invests in Low-Income Housing Tax Credit (LIHTC) projects located in the southeast and mid-Atlantic regions of the United States. FB's investments are used to fund projects throughout North Carolina.
- SBA Bond (\$1.3 million) – The bond is comprised of loans made throughout North Carolina to small businesses through the SBA's 504 (community development) Loan Program.
- Ginnie Mae Mortgage-Backed Securities (\$1.8 million) – The securities are comprised of loans extended that provide affordable housing in North Carolina.
- North Carolina Housing Finance Agency Bond (\$639,497) – The Agency provides affordable housing to low- and moderate-income individuals throughout North Carolina.
- Latino Community Credit Union (LCCU) (\$250,000) – LCCU is a Community Development Financial Institution (CDFI) serving low- and moderate-income people, small businesses, and nonprofits across the state of North Carolina.
- Self-Help Credit Union (\$250,000) – Self-Help is a CDFI that targets low- and moderate-income individuals through lending that creates opportunities such as affordable housing and job creation.

- Carolina Small Business Development Fund (\$250,000) – The Fund is a CDFI that specializes in small business lending throughout the State of North Carolina.
- Charitable donations totaling \$263,600 were made to entities that provide community development services to residents throughout North Carolina. This amount includes \$155,010 in disaster relief donations made by the bank following Hurricanes Florence and Matthew.

As previously noted, the bank also maintains additional qualified investments that benefited multiple states including North Carolina. The presence of these institutional level qualified investments, which benefit areas within North Carolina, coupled with the qualified investments that specifically benefit North Carolina assessment areas, was considered in reaching the overall conclusion.

SERVICE TEST

FB's statewide performance for the Service Test is rated High Satisfactory. Delivery systems and branch locations are accessible within the bank's market area and to people of varying income levels. Within North Carolina, the bank operates 96 branches and two (2.1%) are located in low-income census tracts, and 17 (17.7%) are located moderate-income census tracts. Within the statewide assessment areas, 5.5% and 21.4% of area households are located in low- and moderate-income census tracts, respectively. Business hours and branch services offered do not vary in a way that inconveniences its assessment areas, particularly to low- and moderate-income areas and people.

During the evaluation period, FB opened or acquired 31 new branch locations and closed or sold 13 branch locations. While none of FB's branching activity took place in low-income census tracts, the bank opened or acquired four branches in moderate-income census tracts and closed seven branches in such census tracts. As previously noted, much of this branching activity was related to the bank's acquisition of Carolina Bank and Asheville Savings Bank. FB's branching activity during the evaluation period generally did not adversely affect the accessibility of the bank's delivery systems, particularly to low- and moderate-income areas or people.

As previously discussed, opportunities for providing community development services are reasonably available within the full-scope metropolitan assessment areas and somewhat limited in the NonMSA. Within this context, the bank's employees have participated in a relatively high level of community development services during the evaluation period. Discussion of specific activities is included for each assessment area, as applicable. The activities discussed below benefit broader statewide that include the bank's assessment areas.

Affordable Housing

- Crystal Coast Habitat for Humanity
- Federal Home Loan Bank of Atlanta's Affordable Housing Program
- Prosperity Unlimited

Economic Development

- Mountain BizWorks
- Regional Partnership Workforce Development Board
- Sandhills AgInnovation Center

Community Services

- Central Carolina Community College Foundation, Inc.
- Fellowship Hall
- Junior Achievement of the Central Carolinas
- OnTrack Financial Education & Counseling
- Randolph & Montgomery County Family Crisis Center
- The North Carolina Justice Center

NORTH CAROLINA NONMETROPOLITAN STATEWIDE AREA
*(If some or all of the assessment areas within the non-metropolitan statewide area
were reviewed using full-scope review)*

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN PINEHURST-SOUTHERN PINES-
LUMBERTON, NC NONMSA**

This assessment area includes all of Anson, Bladen, Columbus, Harnett, Lee, Montgomery, Moore, Richmond, Robeson, Scotland, and Stanly counties, North Carolina. The bank operates 32 branches within this assessment area. FB ranked 2nd out of 21 institutions in deposit market share having 21.3% of the assessment area's available FDIC insured deposits (credit union deposits are not included), as of June 2018.

According to 2010 ACS data, the assessment area has a population of 686,374 and a median housing value of \$100,527. The owner-occupancy rate for the assessment area equals 58.6%, and is similar to the statewide rate (58.4%) and North Carolina nonmetropolitan area rate (55.8%). The percentage of area families living below the poverty level in the assessment area (15.9%) exceeds North Carolina's overall poverty rate (11.4%) and the poverty rate in the nonmetropolitan areas of the state (14.7%). The median family income for nonmetropolitan areas in North Carolina equaled \$47,600 during 2016. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Pinehurst-Southern Pines-Lumberton, NC NonMSA <i>(Based on 2010 ACS Data and 2016 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	5	3.3	4,988	2.9	2,191	43.9	38,853	22.8
Moderate	37	24.5	38,666	22.7	10,059	26.0	29,083	17.1
Middle	67	44.4	77,870	45.8	11,456	14.7	31,792	18.7
Upper	42	27.8	48,631	28.6	3,350	6.9	70,427	41.4
NA	0	0.0	0	0.0	0	0.0		
Total	151	100.0	170,155	100.0	27,056	15.9	170,155	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	3,489	2.0	7,230	2.9	3,106	43.0	63,343	25.7
Moderate	37,390	21.5	57,015	23.1	16,730	29.3	36,988	15.0
Middle	79,049	45.4	114,150	46.3	22,337	19.6	41,563	16.9
Upper	54,288	31.1	67,975	27.7	6,795	10.0	104,476	42.4
NA	0	0.0	0	0.0	0	0.0		
Total	174,216	100.0	246,370	100.0	48,968	19.9	246,370	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	867	3.9	786	3.9	73	4.6	8	2.4
Moderate	4,321	19.5	3,897	19.3	341	21.5	83	24.6
Middle	10,040	45.4	9,163	45.4	714	45.0	163	48.4
Upper	6,875	31.2	6,335	31.4	457	28.9	83	24.6
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	22,103	100.0	20,181	100.0	1,585	100.0	337	100.0
Percentage of Total Businesses:				91.3		7.2		1.5

*NA-Tracts without household or family income as applicable

Following the most recent update to the ACS data, the income level designation of certain tracts within the assessment area changed from 2016 to 2017. In 2017, the number of low-income census tracts decreased, while the number of moderate-income census tracts increased. In addition to the change in census tract designations, the total number of families, number of households, and the number of low- and moderate-income households increased in the assessment area.

According to data published by the FFIEC in 2017, 33 of the 72 middle-income census tracts within the assessment are classified as distressed. Within Anson, Bladen, Columbus, and Richmond counties, comparatively high poverty rates have caused several of the middle-income census tracts to be classified as distressed. Within Robeson and Scotland counties, the combination of comparatively high poverty and unemployment rates caused several of the middle-income census tracts to be classified as distressed.

According to the 2015 ACS data, the assessment area has a population of 698,602 and a median housing value of \$107,890. The owner-occupancy rate for the assessment area equals 57.2%, which is above both the statewide (55.7%) and North Carolina nonmetropolitan area rates (53.3%). The percentage of area families living below the poverty level in the assessment area (17.9%) exceeds North Carolina's overall poverty rate (12.8%) and the poverty rate in the nonmetropolitan areas of the state (16.1%). The 2017 median family incomes for nonmetropolitan areas in North Carolina equaled \$48,700. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Pinehurst-Southern Pines-Lumberton, NC NonMSA <i>(Based on 2015 ACS Data and 2017 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	3	2.0	2,586	1.5	1,185	45.8	40,714	23.1
Moderate	43	28.5	47,162	26.8	12,066	25.6	30,549	17.4
Middle	72	47.7	86,402	49.1	14,717	17.0	31,889	18.1
Upper	33	21.8	39,800	22.6	3,478	8.7	72,798	41.4
NA	0	0.0	0	0.0	0	0.0		
Total	151	100.0	175,950	100.0	31,446	17.9	175,950	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	1,499	0.9	4,196	1.6	2,102	50.1	66,248	25.6
Moderate	43,677	25.1	70,682	27.4	20,795	29.4	39,446	15.3
Middle	87,144	50.0	127,152	49.2	25,894	20.4	42,522	16.5
Upper	41,984	24.0	56,394	21.8	6,056	10.7	110,208	42.6
NA	0	0.0	0	0.0	0	0.0		
Total	174,304	100.0	258,424	100.0	54,847	21.2	258,424	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	393	2.0	352	2.0	34	2.2	7	2.1
Moderate	5,141	25.8	4,603	25.6	445	28.4	93	28.1
Middle	9,384	47.1	8,499	47.2	715	45.7	170	51.4
Upper	4,985	25.1	4,552	25.2	372	23.7	61	18.4
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	19,903	100.0	18,006	100.0	1,566	100.0	331	100.0
	Percentage of Total Businesses:			90.5		7.9		1.6

*NA-Tracts without household or family income as applicable

The area's major employers include UNC at Pembroke, Perdue Products, Smithfield Foods, Caterpillar, Wal-Mart, Food Lion and several other grocery store chains, healthcare facilities, local government, and area school systems. Current and recent periodic unemployment rates are included in the following table.

Unemployment Rate Trend			
Geographic Area	Jan 2017	Jan 2018	Jan 2019
Anson County	6%	4.9%	5.3%
Bladen County	6.8%	6%	6%
Columbus County	6.6%	5.9%	6.2%
Harnett County	5.8%	5.1%	5.4%
Lee County	5.8%	4.8%	5.3%
Montgomery County	5.1%	4.3%	4.3%
Moore County	5.3%	4.4%	4.4%
Richmond County	7.2%	6.2%	6.2%
Robeson County	7.6%	6.5%	6.6%
Scotland County	8.9%	8.3%	8.1%
Stanly County	4.8%	4%	4.3%
North Carolina	5.2%	4.4%	4.5%

Unemployment rates have trended downward overall throughout the assessment area with increases in some areas during January 2019. While rates have trended downward, most county unemployment rates remain elevated in comparison to statewide unemployment rates. Local economic conditions appear to have improved since the previous evaluation and suggest that the local economy is improving.

A local community development official was contacted recently to discuss the needs of the community. The contact stated that certain areas of the community continue to progress slowly in recovery from the damaging effects of Hurricane Florence. Infrastructure repairs, housing, and unemployment are areas of need. The contact suggested that financial institutions and nonprofit organizations can collaborate to better support the needs of the community. Despite the aforementioned challenges, the individual contacted indicated that local financial institutions are serving the needs of the community.

Discussions with the community contact and reviews of the performance evaluations of other financial institutions having a local presence indicated that community development opportunities are limited within the bank's assessment area, as the assessment area does not have a broad based community development infrastructure. While local opportunities are limited, the institution faces no significant constraints relative to its size and business strategy in making community development loans, investments, or supporting community services activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

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

Within this assessment area during 2016 and 2017 combined, the bank reported originating \$117.6 million in residential mortgage loans, \$73.3 million in small business loans, and \$9.4 million in small farm loans. Accordingly, FB's residential mortgage lending was given greater weight when evaluating overall performance.

Lending Activity:

During 2016 and 2017, FB reported 591 residential mortgage (HMDA) loans, 599 small business loans, and 124 small farm loans within this assessment area. Bank lending as measured by number and dollar volume within the assessment area (25.2% and 19%, respectively) lags the percentage of area branches (31.4%) and the proportion of bank deposits (39.2%).

According to 2017 aggregate data, the institution ranked 7th out of 332 reporters in reported mortgage lending with 2.5% market share and ranked 8th out of 85 reporters in small business lending with 4.2% market share. The bank's comparatively high market share rankings indicate that the bank is an active lender within the assessment area. The bank's lending levels reflect good responsiveness to assessment area credit needs.

Geographic Distribution:

The bank's geographic distribution performance is considered good for residential mortgage, small business, and small farm lending.

Distribution of HMDA Loans by Income Level of Census Tract

Pinehurst-Southern Pines-Lumberton, NC NonMSA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(219) Home Purchase				(8,398)			
Low	0	0.0	0	0.0	10	0.1	1,171	0.1
Moderate	24	11.0	2,809	6.8	1,004	12.0	110,373	7.5
Middle	83	37.9	14,054	33.9	3,611	43.0	565,510	38.2
Upper	112	51.1	24,600	59.3	3,773	44.9	801,933	54.2
	(46) Refinance				(3,246)			
Low	0	0.0	0	0.0	11	0.3	1,073	0.2
Moderate	6	13.0	993	9.1	459	14.1	53,065	10.1
Middle	16	34.8	3,747	34.3	1,474	45.4	217,521	41.5
Upper	24	52.2	6,192	56.6	1,302	40.1	252,206	48.1
	(39) Home Improvement				(494)			
Low	0	0.0	0	0.0	2	0.4	101	0.3
Moderate	4	10.3	36	1.4	71	14.4	3,884	10.1
Middle	26	66.7	2,055	78.6	257	52.0	17,665	46.0
Upper	9	23.1	523	20.0	164	33.2	16,734	43.6
	(3) Multi-Family				(18)			
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	3	16.7	1,980	2.9
Middle	2	66.7	1,192	70.7	8	44.4	14,177	20.5
Upper	1	33.3	495	29.3	7	38.9	52,921	76.6
	HMDA Totals							
Low	0	0.0	0	0.0	23	0.2	2,345	0.1
Moderate	34	11.1	3,838	6.8	1,537	12.6	169,302	8.0
Middle	127	41.4	21,048	37.1	5,350	44.0	814,873	38.6
Upper	146	47.5	31,810	56.1	5,246	43.2	1,123,794	53.3
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	307	100.0	56,696	100.0	12,156	100.0	2,110,314	100.0

NA*-Tracts without household or family income as applicable

Home purchase loans were extended most frequently by the bank and aggregate lenders. The bank's home purchase and refinance performance is considered good given the aggregate lender levels, while FB's home improvement lending performance is considered adequate. Given the limited volume of multi-family housing transactions reported within the assessment area, the performance of such lending was given the least weight when considering the bank's overall performance.

On a combined basis during 2017, the bank did not originate any loans in low-income census tracts, which lagged the proportion of owner-occupied housing units (.9%) and the aggregate lending level (.2). However, the demographic and aggregate data indicate that opportunities to lend in low-income census tracts are limited. The bank's lending in moderate-income census tracts (11.1%) lagged the proportion of owner-occupied housing units (25.1%) in such tracts and approximated the aggregate lending level (12.6%). FB's performance during 2017 is considered adequate overall.

During 2016, FB originated 284 residential mortgage loans totaling \$60.9 million. Of these loans, two (.7%) totaling \$832,000 (1.4%) were originated in low-income census tracts. FB's lending performance in low-income tracts lagged the percentage of owner-occupied units (2%) but approximated the aggregate lending level (.7%). The bank originated 35 (12.3%) residential mortgage loans totaling \$3.5 million (5.7%) within moderate-income census tracts. FB's lending in moderate-income tracts lagged the percentage of owner-occupied housing units (21.5%) located in such tracts, but exceeded the aggregate lending level (9.9%). The bank's lending performance is considered excellent during 2016 in large part because of the strength of its performance when lending in moderate-income census tracts.

On a combined basis, the bank's geographic distribution performance is considered good overall. In reaching this conclusion, more weight was placed on the bank's performance during 2016 because of the larger dollar volume of lending during that year.

Distribution of Small Business Loans by Income Level of Census Tract

Pinehurst-Southern Pines-Lumberton, NC MSA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	3	1.1	820	2.3	103	1.3	5,001	1.5
Moderate	73	26.4	8,305	23.1	1,672	21.3	64,484	18.8
Middle	108	39.0	12,261	34.1	3,559	45.3	149,430	43.5
Upper	93	33.5	14,537	40.5	2,515	32.1	124,779	36.2
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	277	100.0	35,923	100.0	7,849	100.0	343,694	100.0

*NA-Tracts without household or family income as applicable
 Loans where the geographic location is unknown are excluded from this table.

FB's level of small business lending (1.1%) in low-income census tracts lagged the percentage of area businesses located in such areas (2%) but approximated the aggregate lending percentage (1.3%). The bank's level of lending in moderate-income census tracts (26.4%) exceeded both the percentage of businesses located in moderate-income census tracts (25.8%) and the aggregate lending level (21.3%). The bank's performance during 2017 is considered good, and its performance in 2016 is substantially similar.

Distribution of Small Farm Loans by Income Level of Census Tract

Pinehurst-Southern Pines-Lumberton, NC MSA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	% #	\$(000s)	% \$
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	16	21.1	1,310	21.9	99	21.6	5,766	17.7
Middle	45	59.2	3,928	65.5	293	63.8	21,195	65.0
Upper	15	19.7	757	12.6	67	14.6	5,650	17.3
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	76	100.0	5,995	100.0	459	100.0	32,611	100.0

*NA-Tracts without household or family income as applicable
Loans where the geographic location is unknown are excluded from this table.

With only .4% of all area farms located in low-income census tracts, the demand for such lending in low-income census tracts is limited, at best. During 2017, neither the bank nor aggregate lenders extended a small farm loan in a low-income census tract. The bank’s level of small farm lending in moderate-income census tracts (21.1%) approximated the percentage of farms located in moderate-income census tracts (24.5%) and the aggregate lending level (21.6%). The bank’s performance during 2017 is considered good.

During 2016, the bank originated 48 small farm loans totaling \$3.4 million. Of these loans, the bank originated one small farm loan (2.1%) totaling \$63,000 (1.9%) in a low-income census tract. FB’s level of lending exceeded both the percentage of farms located in such tracts (.6%) and the aggregate lending level in low-income census tracts (.4%). FB originated 13 small farm loans (27.1%) totaling \$1.3 million (39.3%) in moderate-income census tracts. The bank’s level of lending in moderate-income census tracts substantially exceeded both the percentage of farms located in such tracts (22%) and the aggregate lending level (19.6%). FB’s lending in moderate-income census tracts is considered excellent during 2016.

On a combined basis, the geographic distribution performance is considered good and reflects the greater weight placed on its lending performance during 2017 because of the larger dollar volume of lending during that year.

Distribution by Borrower Income and Revenue Size of the Business:

FB’s borrower distribution performance is considered good for both residential mortgage and small business lending, while it is considered excellent for small farm lending. On a combined basis, the borrower distribution performance is considered good and reflects greater weight placed on HMDA and small business lending because of the substantially larger volume of such lending.

Distribution of HMDA Loans by Income Level of Borrower

Pinehurst-Southern Pines-Lumberton, NC NonMSA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	11	3.8	687	1.3	309	3.2	20,967	1.3
Moderate	39	13.6	3,206	6.2	1,265	12.9	117,651	7.3
Middle	51	17.8	6,103	11.8	2,488	25.4	331,549	20.5
Upper	186	64.8	41,526	80.7	5,733	58.5	1,147,551	70.9
Total	287	100.0	51,522	100.0	9,795	100.0	1,617,718	100.0
Unknown	20		5,174		2,361		492,596	

Percentages (%) are calculated on all loans where incomes are known

While the bank’s lending to low-income borrowers (3.8%) lagged the percentage of low-income families (23.1%), it approximated the aggregate lending level (3.2%) within the assessment area during 2017. Similarly, the bank’s level of lending to moderate-income borrowers (13.6%) lagged the percentage of such families (17.4%) and approximated the aggregate lending level (12.9%) within the assessment area. The bank’s performance during 2017 is considered good, and its performance during 2016 is similar.

Distribution of Lending by Loan Amount and Size of Business

Pinehurst-Southern Pines-Lumberton, NC MSA (2017)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	177	63.9	21,778	60.6	4,048	50.5	149,295	43.0
Over \$1 Million	89	32.1	13,106	36.5	NA	NA	NA	NA
Unknown	11	4.0	1,039	2.9	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	188	67.9	7,550	21.0	7,356	91.7	124,803	35.9
\$100,001-\$250,000	41	14.8	6,714	18.7	345	4.3	59,585	17.2
\$250,001-\$1 Million	48	17.3	21,659	60.3	322	4.0	163,001	46.9
Total	277	100.0	35,923	100.0	8,023	100.0	347,389	100.0

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

D&B data from 2017 indicates that 90.5% of all local businesses have revenues that do not exceed \$1 million per year, while aggregate lending data from 2017 indicates that 50.5% of reported small business loans were to businesses having revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 58.3% were made to businesses having annual revenues of \$1 million or less. The bank’s level of lending to businesses having revenues of \$1 million or less (63.9%) is considered good, and its performance during 2016 is similar.

Distribution of Lending by Loan Amount and Size of Farm

Pinehurst-Southern Pines-Lumberton, NC MSA (2017)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	50	65.8	3,971	66.2	187	40.4	15,256	46.7
Over \$1 Million	24	31.6	1,986	33.1	NA	NA	NA	NA
Unknown	2	2.6	38	0.6	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	59	81.6	2,319	38.7	363	78.4	8,664	26.5
\$100,001-\$250,000	15	19.7	2,965	49.5	68	14.7	11,942	36.6
\$250,001-\$500k (Farm)	2	2.7	711	11.8	32	6.9	12,050	36.9
Total	76	100.0	5,995	100.0	463	100.0	32,656	100.0

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

D&B data from 2017 indicates that 96.5% of all local farms have revenues that do not exceed \$1 million per year. Aggregate lending data from 2017 indicates that 40.4% of reported small farm loans were to farms having revenues of \$1 million or less. The remaining portion of loans were to farms that either had revenues exceeding \$1 million or had unknown revenues. The bank’s level of lending to farms having revenues of \$1 million or less (65.8%) is considered excellent, and its performance during 2016 is similar.

Community Development Lending:

As previously indicated, community development lending opportunities are limited within the Pinehurst-Southern Pines-Lumberton, NC NonMSA assessment area. While opportunities may be limited, the bank faced no constraints in originating community development loans within the assessment area given its financial capacity and business strategy.

Specific to this assessment area, the bank originated 32 loans totaling \$44.7 million during the evaluation period. The loans were provided to organizations that provide affordable housing, community services, community revitalization, disaster relief, and support economic development by creating new jobs within the assessment area. FB is considered a leader in making community development loans within the assessment area when considering the bank's capacity and available opportunities.

INVESTMENT TEST

FB has a significant level of qualified community development investments and grants within this assessment area and the statewide and regional area that includes this assessment area. Based on its investment activity, the bank is occasionally in a leadership position. FB also makes significant use of complex investments to support community development initiatives and exhibits good responsiveness to credit and community development needs within this assessment area.

During the evaluation period, FB either made or maintained the following qualified investments that specifically benefit the Pinehurst-Southern Pines-Lumberton, NC NonMSA assessment area:

- \$1.9 million invested in municipal bonds issued to fund school construction and renovations in a school district where a substantial majority of the students are from low- or moderate-income families.
- \$1.7 million invested in CAHEC for affordable housing within the assessment area.
- The bank donated real estate valued at \$942,000 located in a distressed middle-income census tract to a local municipality to aid the municipality's efforts to revitalize this and other adjacent census tracts.
- During the evaluation period, the bank made charitable donations totaling \$413,322 to organizations that provide community development services in the assessment area.

SERVICE TEST

Within the Pinehurst-Southern Pines-Lumberton, NC NonMSA assessment area, the bank's performance under the Service Test is considered good. Delivery systems are reasonably accessible to all portions of the assessment area, including low- and moderate-income areas, and bank branching activities generally did not adversely affect the accessibility of FB's delivery systems. Additionally, the bank was a leader in providing community development services within the assessment area during the evaluation period.

Retail Services:

Delivery systems are reasonably accessible to all portions of the assessment area. The bank currently operates 32 branch offices within this assessment area. Of these branches, one (3.1%) is located in a low-income census tract, and four (12.5%) are located in moderate-income census tracts. Nine other bank branches are located within a close proximity (i.e. within five miles) to moderate-income census tracts. According to recent demographic data, 1.6% and 27.4% of area households are located in low- and moderate-income census tracts, respectively.

During the evaluation period, FB opened one and closed five branches within the Pinehurst-Southern Pines-Lumberton, NC NonMSA assessment area. Of these branches, the new branch is located in a moderate-income census tract and two of the closed branches were located in moderate-income census tracts. The remaining closed branches were located in middle- and upper-income census tracts. While the bank closed two offices located in moderate-income census tracts, FB operates other bank branches within a two mile radius of the branches closed. The bank's branching activity generally did not adversely affect the accessibility of the bank's delivery systems in low- and moderate-income tracts.

ATMs are available and, through a network, provide customers with 24-hour nationwide access. Bank-by-mail and bank-by-computer services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices within this assessment area are open from 9:00 a.m. until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

Community Development Services:

Within this assessment area, community development opportunities are limited. While opportunities are limited, the bank has sufficient capacity to participate in such activities. Within this context, the bank was a leader in supporting community development activities within the assessment area during the evaluation period. Examples of organizations that FB and its employees supported during the evaluation period include the following:

Community Services

- Bladen Community College Foundation
- Bladen County Career Day Program
- Bladen County Schools Early College
- Boys and Girls Club of the Sandhills
- Communities in Schools of Montgomery County
- Lee County Community Foundation
- Lee County Education Foundation
- Moore County Community Foundation
- North Carolina Young Bankers
- Northern Moore Family Resource Center
- Partners for Children & Families
- Reality Store
- Richmond County Healthy Carolinians
- Richmond County Partnership for Children, Inc.
- Robeson County Community Foundation
- United Way of Lee County
- United Way of Moore County

Economic Development

- Bladen County Community College Small Business Center
- Bladen County Committee of 100
- Moore County Partners in Progress
- North Carolina Small Towns Economic Prosperity (STEP) Program
- Sanford Area Growth Alliance

Affordable Housing

- Habitat for Humanity of the North Carolina Sandhills
- Scotland County Concerned Citizens for the Homeless
- Southern Pines Housing Authority
- Stanly County Habitat for Humanity

As previously indicated, the bank also participated in three community service activities that benefit multiple assessment areas within the statewide and multi-state area. In addition, FB employees taught financial literacy classes, known as Teach Children to Save, developed by the American Bankers Association (ABA). During the evaluation period, bank employees taught 83 Teach Children to Save classes targeted to area schools where a majority of students come from low- or moderate-income families.

NON-METROPOLITAN STATEWIDE AREA

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

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NONMETROPOLITAN STATEWIDE ASSESSMENT AREA

Certain assessment areas, which are noted in the table below, were reviewed using the limited review examination procedures. Information detailing the composition of the assessment areas, including selected demographic data, is included in **APPENDIX C** of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

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

Assessment Area	Lending Test	Investment Test	Service Test
Beaufort County, NC NonMSA	Below	Consistent	Consistent
Carteret County, NC NonMSA	Consistent	Consistent	Below
Dare County, NC NonMSA	Below	Consistent	Below
Duplin County, NC NonMSA	Below	Consistent	Consistent
McDowell County, NC NonMSA	Below	Consistent	Below

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ASHEVILLE-BREVARD, NC ASSESSMENT AREA

The bank's Asheville-Brevard, NC assessment area includes all of Buncombe, Henderson, Madison, and Transylvania counties, which is a portion of the Asheville-Brevard, NC Combined Statistical Area (CSA). The Asheville, NC MSA and the Brevard, NC Micropolitan Statistical Area make up the Asheville-Brevard, NC CSA. The bank operates 12 branches within this assessment area. As of June 2018, FB ranked 3rd out of 19 institutions in deposit market share having 8.7% of the assessment area's available FDIC insured deposits.

According to 2010 ACS data, the assessment area has a population of 238,318 and a median housing value of \$188,303. The owner-occupancy rate for the assessment area (60.5%) approximates the rate in the overall MSA (61.2%) and exceeds the statewide rate (58.4%). The percentage of area families living below the poverty level in the assessment area (9.5%) approximates the percentage in the entire MSA (9.3%) and is below the overall statewide percentage (11.4%). During 2016, the median family income in the Asheville, NC MSA equaled \$56,200. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Asheville, NC (Based on 2010 ACS Data and 2016 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	3.6	858	1.4	388	45.2	12,085	19.8
Moderate	8	14.3	8,676	14.2	1,555	17.9	11,260	18.5
Middle	33	58.9	37,618	61.8	2,970	7.9	13,045	21.4
Upper	13	23.2	13,734	22.6	851	6.2	24,496	40.3
NA	0	0.0	0	0.0	0	0.0		
Total	56	100.0	60,886	100.0	5,764	9.5	60,886	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	750	1.1	2,242	2.3	893	39.8	22,649	22.8
Moderate	8,598	12.8	14,941	15.0	3,105	20.8	17,236	17.4
Middle	42,753	63.7	59,469	59.9	7,100	11.9	18,360	18.5
Upper	15,025	22.4	22,657	22.8	2,290	10.1	41,064	41.3
NA	0	0.0	0	0.0	0	0.0		
Total	67,126	100.0	99,309	100.0	13,388	13.5	99,309	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	591	4.0	489	3.6	100	10.3	2	2.4
Moderate	2,275	15.4	2,065	15.1	202	20.8	8	9.4
Middle	7,457	50.7	7,021	51.4	389	40.0	47	55.3
Upper	4,402	29.9	4,093	29.9	281	28.9	28	32.9
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	14,725	100.0	13,668	100.0	972	100.0	85	100.0
	Percentage of Total Businesses:			92.8		6.6		0.6

*NA-Tracts without household or family income as applicable

Following the most recent update to the ACS data, the income level designation of certain tracts within the assessment area changed from 2016 to 2017. In 2017, the number of low-income census tracts remained the same, while the number of moderate-income census tracts increased. In addition to the change in census tract designations, the total number of families, number of households, and the number of low- and moderate-income households increased in the assessment area.

FB acquired Asheville Savings Bank in October 2017. As a result of this acquisition, the bank’s assessment area delineation expanded by adding the counties of Henderson, Madison and Transylvania.

According to the 2015 ACS data, the assessment area has a population of 411,010 and a median housing value of \$187,190. The owner-occupancy rate for the assessment area equals 57.2%, which is slightly above the rate in the overall MSA (57%) and the statewide rate (55.7%). The percentage of area families living below the poverty level in the assessment area (10.4%) is below the percentage in the entire MSA (11.1%) and overall statewide percentage (12.8%). During 2017, the median family income in the Asheville, NC MSA equaled \$60,400. The following table includes pertinent demographic data for the Asheville-Brevard, NC assessment area.

Assessment Area Demographics

Asheville-Brevard, NC (Based on 2015 ACS Data and 2017 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	2.1	1,477	1.4	539	36.5	20,297	19.3
Moderate	14	14.6	11,357	10.8	2,277	20.0	19,487	18.5
Middle	57	59.4	68,481	65.0	7,086	10.3	21,757	20.7
Upper	22	22.9	23,983	22.8	1,087	4.5	43,757	41.5
NA	1	1.0	0	0.0	0	0.0		
Total	96	100.0	105,298	100.0	10,989	10.4	105,298	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	1,611	1.4	3,418	2.0	1,114	32.6	38,381	22.6
Moderate	11,349	9.9	20,693	12.2	4,803	23.2	27,251	16.0
Middle	73,750	64.3	107,257	63.1	15,194	14.2	31,967	18.8
Upper	28,044	24.4	38,688	22.7	3,346	8.6	72,457	42.6
NA	0	0.0	0	0.0	0	0.0		
Total	114,754	100.0	170,056	100.0	24,457	14.4	170,056	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	606	3.1	496	2.8	106	7.6	4	2.6
Moderate	2,699	13.9	2,399	13.4	270	19.5	30	19.9
Middle	10,808	55.7	10,106	56.5	624	45.0	78	51.7
Upper	5,302	27.3	4,876	27.3	387	27.9	39	25.8
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	19,415	100.0	17,877	100.0	1,387	100.0	151	100.0
Percentage of Total Businesses:				92.1		7.1		0.8

*NA-Tracts without household or family income as applicable

The local economy is based on a variety of service (private, government, and health care) industries. The major employers of the area include several area hospitals, local school systems, grocery stores, the Veterans Administration, Biltmore Workforce Management, Community Carpenters, and Asheville Buncombe Technical Community College.

Unemployment Rate Trend			
Geographic Area	Jan 2017	Jan 2018	Jan 2019
Buncombe County	4.1%	3.4%	3.4%
Henderson County	4.4%	3.7%	3.8%
Madison County	5.2%	4.2%	4.2%
Transylvania County	5.3%	4.5%	4.6%
Asheville, NC MSA	4.3%	3.6%	3.6%
Asheville-Brevard, NC CSA	4.4%	3.6%	3.7%
North Carolina	5.2%	4.4%	4.5%

While some current are unemployment rates have increased, area unemployment rates are lower now than in January 2017. Current unemployment rates within the assessment area suggest that the condition of the local economy is not an impediment for banks to meet area credit needs.

An official from a community service organization was contacted recently to discuss local housing conditions and community credit needs. The contact noted the limited availability of affordable housing units and suggested that the local area would benefit from greater involvement by financial institutions via financial literacy programs. The individual contacted suggested that the local economy is evolving with growth in tourism, retirees, and healthcare jobs; however, many of the hospitality and healthcare jobs pay lower wages which has increased the demand for affordable housing. In addition, the contact stated that there are a large number of financial institutions operating within the local market, making it a highly competitive area. He also noted that area financial institutions are adequately meeting local credit needs.

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

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

Within this assessment area during 2016 and 2017, the bank originated \$112.2 million in HMDA and \$34.8 million in small business loans. Based on relative lending volumes, the bank’s HMDA performance was given more weight when considering its overall performance within the assessment area.

Lending Activity:

During 2016 and 2017, FB reported 438 residential mortgage (HMDA) loans, 179 small business loans, and 13 small farm loans within this assessment area. Bank lending by number (12.1%) and dollar (14%) volume within the assessment area exceeds the percentage of area branches (11.8%) and approximates the proportion of bank deposits (14.8%) within the assessment area.

According to 2017 aggregate data, the institution ranked 5th out of 340 reporters in mortgage lending with a 3.8% market share and ranked 14th out of 87 reporters of CRA loans with a 1.7% market share. Overall, the bank’s lending activity reflects good responsiveness to assessment area credit needs.

Geographic Distribution:

Geographic distribution for HMDA lending is considered adequate and small business lending is considered excellent. When considering dollar volume of lending by product and the relative strength of performance by product and year, the bank’s geographic distribution is considered adequate overall.

Distribution of HMDA Loans by Income Level of Census Tract

Asheville-Brevard, NC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(289)				(6,904)			
Low	2	0.7	382	0.5	107	1.5	19,509	1.2
Moderate	19	6.6	3,771	4.8	651	9.4	125,990	7.8
Middle	206	71.3	54,413	69.9	4,419	64.0	974,174	60.3
Upper	62	21.4	19,266	24.8	1,727	25.1	496,656	30.7
	(118)				(3,618)			
Low	2	1.7	410	1.6	59	1.6	8,633	1.2
Moderate	7	5.9	975	3.7	329	9.1	52,148	7.1
Middle	81	68.6	16,357	62.2	2,283	63.1	433,537	59.3
Upper	28	23.8	8,544	32.5	947	26.2	236,515	32.4
	(5)				(506)			
Low	0	0.0	0	0.0	12	2.4	1,677	2.1
Moderate	0	0.0	0	0.0	57	11.3	6,777	8.5
Middle	4	80.0	1,025	83.7	329	65.0	50,932	64.0
Upper	1	20.0	200	16.3	108	21.3	20,213	25.4
	(3)				(23)			
Low	0	0.0	0	0.0	2	8.7	998	0.8
Moderate	0	0.0	0	0.0	2	8.7	10,003	8.0
Middle	2	66.7	1,125	91.8	14	60.9	64,921	52.0
Upper	1	33.3	100	8.2	5	21.7	48,906	39.2
	HMDA Totals							
Low	4	1.0	792	0.7	180	1.6	30,817	1.2
Moderate	26	6.3	4,746	4.5	1,039	9.4	194,918	7.6
Middle	293	70.6	72,920	68.4	7,045	63.7	1,523,564	59.7
Upper	92	22.1	28,110	26.4	2,787	25.3	802,290	31.5
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	415	100.0	106,568	100.0	11,051	100.0	2,551,589	100.0

NA*-Tracts without household or family income as applicable

Home purchase and refinance loans were originated most often for the bank and aggregate lenders. Given the limited volume of multi-family housing HMDA reportable transactions within the assessment area, this loan type was given limited weight when considering the bank's overall performance. The bank’s home purchase and refinance performances are considered adequate compared to aggregate lenders in 2017, while the bank’s home improvement loan performance is considered very poor. Given the larger volume of home purchase and refinance loans within the assessment area, the performance of these loan types were given the most weight when considering the bank’s overall level of performance.

FB's level of lending in low-income census tracts (1%) approximated both the proportion of owner-occupied housing units located in such tracts (1.4%) and the aggregate lending level (1.6%). The bank's level of lending in moderate-income census tracts (6.3%) lagged the proportion of owner-occupied housing units located in such tracts (9.9%) and the aggregate lending level (9.4%). Overall, the performance is considered adequate, and the performance during 2016 is similar.

Distribution of Small Business Loans by Income Level of Census Tract

Asheville-Brevard, NC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	5	3.2	622	2.2	279	3.0	16,578	4.5
Moderate	30	19.5	4,813	17.1	1,342	14.4	65,876	17.9
Middle	99	64.3	17,685	62.7	5,023	53.8	170,114	46.2
Upper	20	13.0	5,101	18.0	2,701	28.8	115,885	31.4
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	154	100.0	28,221	100.0	9,345	100.0	368,453	100.0

*NA-Tracts without household or family income as applicable

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

The bank's level of small business lending in low-income census tracts (3.2%) approximated the percentage of area businesses (3.1%) located in such areas and the aggregate lending level (3%). The bank's level of lending in moderate-income census tracts (19.5%) exceeded both the percentage of businesses located in moderate-income census tracts (13.9%) and the aggregate lending level (14.4%). In large part because of its strong lending performance in moderate-income census tracts, the bank's performance during 2017 is considered excellent, and its 2016 performance is similar.

Distribution by Borrower Income and Revenue Size of the Business:

When considering the bank's borrower distribution performance by loan product, HMDA lending is considered adequate, while small business lending is considered good. Given the relative dollar volume of lending and performance level of each product and year, the bank's overall performance is considered good.

Distribution of HMDA Loans by Income Level of Borrower

Asheville-Brevard, NC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	19	4.8	2,024	2.0	536	5.6	55,376	2.6
Moderate	66	16.6	11,081	10.9	1,771	18.4	263,865	12.4
Middle	90	22.7	18,415	18.1	2,452	25.5	457,224	21.5
Upper	222	55.9	70,317	69.0	4,845	50.5	1,353,217	63.5
Total	397	100.0	101,837	100.0	9,604	100.0	2,129,682	100.0
Unknown	18		4,731		1,447		421,907	

Percentages (%) are calculated on all loans where incomes are known

The bank's lending to low-income borrowers (4.8%) lagged both the percentage of low-income families (19.3%) and the aggregate lending level (5.6%). Similarly, the bank's level of lending to moderate-income borrowers (16.6%) lagged the percentage of such families (18.5%) and the aggregate lending level (18.4%). The bank's performance during 2017 is considered adequate, and its 2016 performance is similar.

Distribution of Lending by Loan Amount and Size of Business

Asheville-Brevard, NC (2017)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	95	61.7	14,806	52.5	5,120	53.6	156,149	41.8
Over \$1 Million	59	38.3	13,415	47.5	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	90	58.4	3,363	11.9	8,918	93.4	136,057	36.4
\$100,001-\$250,000	26	16.9	4,455	15.8	279	2.9	49,170	13.2
\$250,001-\$1 Million	38	24.7	20,403	72.3	348	3.7	188,313	50.4
Total	154	100.0	28,221	100.0	9,545	100.0	373,540	100.0

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

D&B data from 2017 indicates that 92.1% of all local businesses have revenues that do not exceed \$1 million per year. Aggregate lending data from 2017 indicate that 53.6% of reported small business loans were to businesses having revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 59.1% were made to businesses having annual revenues of \$1 million or less. The bank’s level of lending to businesses having revenues of \$1 million or less (61.7%) is considered good.

During 2016, the bank originated 25 small business loans totaling \$6.6 million. D&B data from 2016 indicated that 92.8% of all local businesses had revenues that did not exceed \$1 million per year. Aggregate lending data indicate that 52.2% of reported small business loans were to businesses having revenues of \$1 million or less. After excluding large credit card and other specialty lenders, 57.1% of aggregate lenders reported small business loans were to businesses with annual revenues of \$1 million or less. FB's 2016 level of lending (72%) to businesses having revenues of \$1 million or less is considered excellent.

On a combined basis, the bank’s overall borrower distribution performance is considered good and reflects the greater weight placed on its lending performance during 2017 because of the larger dollar volume of lending during that year.

Community Development Lending:

As previously indicated, community development lending opportunities are reasonably available within the Asheville-Brevard, NC assessment area. When considering the bank’s capacity, market position, and business strategy, it faces no constraints in extending community development loans within the assessment area.

Specific to this assessment area, the bank originated 14 loans totaling \$21.1 million that benefitted low- and moderate-income people during the evaluation period. The loans were provided to organizations that provide affordable housing and community services. When considering the bank’s capacity and available opportunities, the bank made a relatively high level of community development loans within the assessment area during the evaluation period.

INVESTMENT TEST

FB has a significant level of qualified community development investments and grants within this assessment area and the statewide and regional area that includes this assessment area. Based on its investment activity, the bank is occasionally in a leadership position. FB also makes significant use of complex investments to support community development initiatives and exhibits good responsiveness to credit and community development needs within this assessment area.

During the evaluation period, FB either made or maintained the following qualified investments that specifically benefit the Asheville-Brevard, NC assessment area:

- \$761,164 invested in the CRA Qualified Investment Fund. The fund invests in community development projects that typically provide for affordable housing, the revitalization of low- and moderate-income areas, microenterprise development, and otherwise improve the quality of life for low- and moderate-income people.
- \$110,858 invested in CAHEC for affordable housing within the assessment area.
- The bank made charitable donations totaling \$109,377 that support local organizations that provide community development services within the Asheville-Brevard, NC assessment area.

SERVICE TEST

Within the assessment area, the bank's performance under the Service Test is considered adequate. Systems for delivering retail banking services are accessible to all portions of the assessment area. The bank and its employees provided an adequate level of community development services within the assessment area during the evaluation period.

Retail Services:

Delivery systems are accessible to all portions of the assessment area. Currently, FB operates 12 branch offices within this assessment area. Of these branches, none are located in low- or moderate-income census tracts. However, seven branches are located within two miles of one low-income census tract and six moderate-income census tracts. According to recent demographic data, 2% and 12.2% of all area households are located in low- and moderate-income census tracts, respectively.

Since the previous examination, FB opened or acquired 12 bank branches and closed three branch offices. Of the offices opened or acquired, none are located in low- or moderate-income census tracts and two of the three offices closed were located in moderate-income census tracts. FB continues to operate three branch offices within two miles of the moderate-income census tract branches that were closed. FB's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income areas and people.

ATMs are available and, through a network, provide customers with 24-hour nationwide access. Bank-by-mail and bank-by-computer services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices within the assessment area are open from 9:00 a.m. until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

Community Development Services:

Within this assessment area, community development opportunities are reasonably available, and the bank has sufficient capacity to participate in such activities. Within this context, the bank and its employees participated in an adequate level of community development service activities that support local organizations whose operations benefit low- and moderate-income people.

In addition to the previously described service activities that benefit multiple assessment areas within North Carolina, the bank supported the following organizations during the evaluation period.

Community Services

- Junior Achievement of Central Carolinas
- Safelight
- United Way of Henderson County

In addition, FB employees utilized the ABA's Teach Children to Save program to promote financial literacy. During the evaluation period, bank employees taught five Teach Children to Save classes targeted to area schools where a majority of students come from low- or moderate-income families.

METROPOLITAN AREAS

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

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

The bank's Wilmington, NC assessment area includes all of New Hanover County, North Carolina, which is a portion of the Wilmington, NC MSA. The bank operates five branches within this assessment area. As of June 2018, FB ranked 9th out of 20 institutions in deposit market share having 2.7% of the assessment area's available FDIC insured deposits.

According to 2010 ACS data, the assessment area has a population of 202,667 and a median housing value of \$227,797. The owner-occupancy rate for the assessment area equals 51.7%, which lagged both the rate in the overall MSA (54%) and the statewide rate (58.4%). The percentage of area families living below the poverty level in the assessment area (8.9%) also lagged the percentage in the entire MSA (9.3%) and the overall statewide percentage (11.4%). The 2016 median family income in the Wilmington, NC MSA equaled \$60,500. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Wilmington, NC (Based on 2010 ACS Data and 2016 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	4	8.9	2,812	5.8	1,242	44.2	9,622	19.7
Moderate	9	20.0	6,319	12.9	1,032	16.3	8,163	16.7
Middle	14	31.1	20,875	42.7	1,407	6.7	10,541	21.6
Upper	16	35.6	18,864	38.6	660	3.5	20,544	42.0
NA	2	4.4	0	0.0	0	0.0		
Total	45	100.0	48,870	100.0	4,341	8.9	48,870	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	1,769	3.4	6,883	8.2	2,732	39.7	20,423	24.4
Moderate	4,994	9.7	13,093	15.6	3,360	25.7	12,829	15.3
Middle	22,173	43.1	34,524	41.3	3,989	11.6	14,532	17.4
Upper	22,484	43.8	29,179	34.9	2,403	8.2	35,895	42.9
NA	0	0.0	0	0.0	0	0.0		
Total	51,420	100.0	83,679	100.0	12,484	14.9	83,679	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	900	8.0	817	8.0	76	7.8	7	5.6
Moderate	1,594	14.2	1,374	13.5	209	21.3	11	8.7
Middle	3,958	35.2	3,570	35.2	351	35.8	37	29.4
Upper	4,763	42.2	4,356	42.9	336	34.3	71	56.3
NA	44	0.4	36	0.4	8	0.8	0	0.0
Total	11,259	100.0	10,153	100.0	980	100.0	126	100.0
Percentage of Total Businesses:				90.2		8.7		1.1

*NA-Tracts without household or family income as applicable

Following the most recent update to the ACS data, the income level designation of certain tracts within the assessment area changed from 2016 to 2017. In 2017, the number of low-income census tracts increased, while the number of moderate-income census tracts decreased. In addition to the change in census tract designations, the total number of families, number of households, and the number of combined low- and moderate-income households increased in the assessment area.

According to the 2015 ACS data, the assessment area has a population of 213,091 and a median housing value of \$214,275. The owner-occupancy rate for the assessment area equals 48.6%, which is below the rate in the overall MSA (50.4%) and the statewide rate (55.7%). The percentage of area families living below the poverty level in the assessment area (11.4%) approximates the percentage in the entire MSA (11.7%) and is less than the overall statewide percentage (12.8%). The 2017 median family income in the Wilmington, NC MSA equaled \$65,800. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Wilmington, NC (Based on 2015 ACS Data and 2017 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	8	17.8	5,430	10.5	2,053	37.8	11,478	22.1
Moderate	4	8.9	3,805	7.3	747	19.6	8,670	16.7
Middle	14	31.1	22,093	42.6	2,117	9.6	9,383	18.1
Upper	17	37.8	20,501	39.6	988	4.8	22,298	43.1
NA	2	4.4	0	0.0	0	0.0		
Total	45	100.0	51,829	100.0	5,905	11.4	51,829	100.0
	Owner Occupied Units by Tract		Households					
	#	%	HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	2,643	5.2	13,260	15.0	4,820	36.3	21,847	24.7
Moderate	2,475	4.9	7,932	9.0	1,905	24.0	13,205	14.9
Middle	23,260	45.9	36,373	41.1	4,970	13.7	15,446	17.5
Upper	22,260	44.0	30,838	34.9	2,864	9.3	37,905	42.9
NA	0	0.0	0	0.0	0	0.0		
Total	50,638	100.0	88,403	100.0	14,559	16.5	88,403	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
	#	%	Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	1,508	14.8	1,327	14.6	164	16.7	17	14.8
Moderate	974	9.6	831	9.1	139	14.1	4	3.5
Middle	3,250	31.9	2,882	31.7	341	34.7	27	23.5
Upper	4,425	43.3	4,026	44.2	332	33.7	67	58.2
NA	40	0.4	32	0.4	8	0.8	0	0.0
Total	10,197	100.0	9,098	100.0	984	100.0	115	100.0
Percentage of Total Businesses:				89.2		9.6		1.1

*NA-Tracts without household or family income as applicable

The local economy is based on health care, education, tourism, manufacturing, and retail service industries. Major area employers include New Hanover Regional Medical Center, The University of North Carolina at Wilmington, PPD (pharmaceutical development), Cape Fear Community College, Cellco Partnership, local government, and area school systems. Recent periodic unemployment rates are included in the following table.

Unemployment Rate Trend			
Geographic Area	Jan 2017	Jan 2018	Jan 2019
New Hanover County	4.9%	4.2%	4.3%
Wilmington, NC MSA	5%	4.3%	4.4%
North Carolina	5.2%	4.4%	4.5%

Current and historical unemployment rates suggest that the condition of the local economy is not a major impediment to the ability of area banks meeting community credit needs.

A local affordable housing official was recently contacted to discuss local housing conditions and community needs. The official noted that the area is in need of hurricane recovery assistance. Hurricane Florence caused catastrophic damage to the coastal areas of North Carolina and many communities are still slowly recovering. The individual noted that the availability of affordable housing has decreased since the hurricane. The contact also stated that opportunities exist for financial institutions to provide financial literacy to economically disadvantaged residents. The contact stated that local financial institutions are reasonably meeting the credit needs of the local market.

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

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

Within this assessment area during 2016 and 2017 combined, the bank reported originating \$96.8 million in residential mortgage loans and \$35.4 million in small business loans. Accordingly, FB's residential mortgage lending was given greater weight when evaluating overall performance.

Lending Activity:

During 2016 and 2017, the bank reported 247 HMDA, 185 small business, and 14 small farm loans within this assessment area. Bank lending as measured by number (8.6%) and dollar (12.8%) volume within the assessment area exceeds the percentage of branches (4.9%) and the proportion of bank deposits (4.6%).

According to 2017 aggregate data, the institution ranked 19th out of 289 reporters in reported mortgage lending with market share of 1.5% and ranked 13th out of 80 reporters in small business lending with 1.8% market share. Overall, the bank's lending levels reflect good responsiveness to assessment area credit needs.

Geographic Distribution:

Geographic distribution performance is considered poor for HMDA lending, while the performance for small business lending is considered good. Overall, the bank's geographic distribution performance is considered poor given the greater volume of HMDA lending within the assessment area.

Distribution of HMDA Loans by Income Level of Census Tract

Wilmington, NC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(100)				(5,367)			
Low	3	3.0	798	2.2	279	5.2	42,791	3.4
Moderate	1	1.0	71	0.2	224	4.2	32,842	2.6
Middle	37	37.0	10,825	29.7	2,699	50.3	533,662	43.0
Upper	59	59.0	24,750	67.9	2,164	40.3	632,224	50.9
	(11)				(1,886)			
Low	0	0.0	0	0.0	106	5.6	16,976	4.2
Moderate	0	0.0	0	0.0	86	4.6	10,105	2.5
Middle	2	18.2	428	8.7	850	45.1	146,913	35.9
Upper	9	81.8	4,495	91.3	844	44.8	234,726	57.4
	(3)				(275)			
Low	0	0.0	0	0.0	18	6.5	1,077	3.1
Moderate	1	33.3	120	10.9	9	3.3	1,228	3.5
Middle	0	0.0	0	0.0	114	41.5	12,672	36.1
Upper	2	66.7	985	89.1	134	48.7	20,130	57.3
	(1)				(6)			
Low	1	100.0	605	100.0	2	33.3	1,490	15.3
Moderate	0	0.0	0	0.0	1	16.7	1,300	13.3
Middle	0	0.0	0	0.0	1	16.7	220	2.3
Upper	0	0.0	0	0.0	2	33.3	6,733	69.1
	HMDA Totals							
Low	4	3.5	1,403	3.3	405	5.4	62,334	3.7
Moderate	2	1.7	191	0.4	320	4.2	45,475	2.7
Middle	39	33.9	11,253	26.1	3,664	48.6	693,467	40.9
Upper	70	60.9	30,230	70.2	3,144	41.8	893,813	52.7
NA*	0	0.0	0	0.0	1	0.0	183	0.0
Total	115	100.0	43,077	100.0	7,534	100.0	1,695,272	100.0

NA*-Tracts without household or family income as applicable

Given the limited volume of multi-family housing HMDA reportable transactions within the assessment area, the performance of this loan type was given limited weight when considering the bank's overall performance. The bank's home purchase and home improvement performance is considered poor, while its refinance performance is very poor when considering the lending of the aggregate reporters.

On a combined product basis during 2017, FB's level of lending in low-income census tracts (3.5%) lagged both the proportion of owner-occupied housing units located in such tracts (5.2%) and the aggregate lending level (5.4%). The bank's level of lending to borrowers in moderate-income census tracts (1.7%) also lagged the proportion of owner-occupied housing units located in such tracts (4.9%) and the aggregate lending level (4.2%). The bank's overall performance during 2017 is considered poor.

During 2016, FB originated 132 residential mortgage loans totaling \$53.7 million. Of the 132 loans originated, two (1.5%) totaling \$172,000 (.3%) were originated in low-income census tracts. FB's lending performance in low-income tracts lagged the aggregate lending level (2.7%) and the percentage of owner-occupied units (3.4%). The bank originated two (1.5%) residential mortgage loans totaling \$186,000 (.3%) within moderate-income census tracts. FB's lending in moderate-income tracts also lagged the percentage of owner-occupied housing units (9.7%) and the aggregate lending level (7.5%). The bank's overall lending performance is considered very poor during 2016.

On a combined basis, the bank's geographic distribution performance is considered poor given the combined performance over the two-year period.

Distribution of Small Business Loans by Income Level of Census Tract

Wilmington, NC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	12	12.8	2,777	14.5	714	12.2	41,373	14.7
Moderate	6	6.4	1,671	8.7	436	7.4	26,298	9.3
Middle	38	40.4	6,932	36.2	2,085	35.5	87,574	31.1
Upper	38	40.4	7,784	40.6	2,619	44.6	126,046	44.8
NA*	0	0.0	0	0.0	15	0.3	343	0.1
Total	94	100.0	19,164	100.0	5,869	100.0	281,634	100.0

*NA-Tracts without household or family income as applicable
Loans where the geographic location is unknown are excluded from this table.

The bank’s level of small business lending in low-income census tracts (12.8%) lagged the percentage of businesses in such areas (14.8%) and approximated the aggregate reporter lending level (12.2%) in such census tracts. The bank’s lending in moderate-income census tracts (6.4%) also lagged the percentage of businesses in such areas (9.6%) and approximated the aggregate lending level (7.4%). The bank’s overall performance during 2017 is considered good, and its 2016 performance is substantially similar.

Distribution by Borrower Income and Revenue Size of the Business:

The bank’s borrower distribution performance is very poor for HMDA lending and good for small business lending. The bank’s overall combined performance is considered poor overall.

Distribution of HMDA Loans by Income Level of Borrower

Wilmington, NC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	1	0.9	109	0.3	332	5.1	36,667	2.5
Moderate	9	8.4	1,489	3.6	1,236	19.1	184,741	12.7
Middle	15	14.0	3,112	7.6	1,552	24.0	291,024	20.1
Upper	82	76.7	36,472	88.5	3,344	51.8	937,471	64.7
Total	107	100.0	41,182	100.0	6,464	100.0	1,449,903	100.0
Unknown	8		1,895		1,070		245,369	

Percentages (%) are calculated on all loans where incomes are known

The bank’s lending to low-income borrowers (.9%) lagged both the percentage of low-income families (22.1%) and the aggregate lending level (5.1%). Similarly, the bank’s level of lending to moderate-income borrowers (8.4%) significantly lagged the percentage of such families (16.7%) and the aggregate lending level (19.1%). FB’s 2017 borrower distribution performance is considered poor.

During 2016, FB originated 118 residential mortgage loans totaling \$45.1 million for which borrower incomes were known. Of these, none were extended to low-income borrowers. The demographic and aggregate data, however, indicate that there is demand for loans from such borrowers given that 19.7% of area families are low-income and 4% of loans extended by the aggregate lenders were to low-income borrowers. FB originated two (1.7%) loans totaling \$301,000 (.6%) in moderate-income tracts. The bank’s lending significantly lagged the percentage of area moderate-income families (16.7%) and the percentage of aggregate lending (14.9%). The bank’s performance is very poor during 2017.

On a combined basis when considering the dollar volume of loans and the relative strength of performance in each year, the overall HMDA lending borrower distribution performance is considered very poor.

Distribution of Lending by Loan Amount and Size of Business

Wilmington, NC (2017)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	62	66.0	13,270	69.2	2,977	50.1	117,372	41.3
Over \$1 Million	31	33.0	5,694	29.7	NA	NA	NA	NA
Unknown	1	1.0	200	1.1	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	53	56.4	2,494	13.0	5,430	91.4	94,574	33.3
\$100,001-\$250,000	15	16.0	2,594	13.5	231	3.9	40,878	14.4
\$250,001-\$1 Million	26	27.6	14,076	73.5	277	4.7	148,580	52.3
Total	94	100.0	19,164	100.0	5,938	100.0	284,032	100.0

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

D&B data from 2017 indicates that 89.2% of all local businesses have revenues that do not exceed \$1 million per year. Aggregate lending data from 2017 indicate that 50.1% of reported small business loans were to businesses having revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 50.9% were made to businesses having annual revenues of \$1 million or less. The bank’s level of lending to businesses having revenues of \$1 million or less (66%) is considered excellent.

During 2016, the bank originated 91 small business loans totaling \$16.2 million. D&B data from 2016 indicated that 90.2% of all local businesses had revenues that did not exceed \$1 million per year. Aggregate data from 2016 indicate that 44.9% of all reported small business loans were made to businesses with revenues of \$1 million or less. In addition, 50.9% of aggregate lenders reported small business loans to businesses with annual revenues of \$1 million or less after excluding large credit card and other specialty lenders. FB's level of lending (46.2%) to businesses having revenues of \$1 million or less is considered good.

On a combined basis when considering the dollar volume of loans and the relative strength of performance in each year, the overall small business lending distribution performance is considered good.

Community Development Lending:

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

Specific to this assessment area, the bank originated nine loans totaling \$33.5 million that benefitted low- and moderate-income people during the evaluation period. The loans were provided to organizations that provide affordable housing and community services. When considering the bank’s capacity and available opportunities, the bank made a relatively high level of community development loans within the Wilmington, NC assessment area during the evaluation period.

INVESTMENT TEST

FB maintains a \$150,000 affordable housing investment in CAHEC that specifically benefits the Wilmington, NC assessment area. Additionally, the bank also made charitable donations totaling \$11,500 to organizations that provide community services within the assessment area.

While its qualified investment activity specific to this assessment area is limited, the bank maintains a large volume of investments that benefit multiple assessment areas, which also include this assessment area. When considering its level of investment activity within the assessment area and larger statewide and regional areas, FB exhibits adequate responsiveness to area community development needs when considering investment opportunities and its market presence. FB makes significant use of complex investments to support community development initiatives.

SERVICE TEST

Within the Wilmington, NC assessment area, the bank's performance under the Service Test is considered adequate. Systems for delivering retail banking services are accessible to all portions of the assessment area. The bank and its employees provided an adequate level of community development services within the assessment area during the evaluation period.

Retail Services:

Delivery systems are accessible to all portions of the assessment area. Currently, FB operates five branch offices within this assessment area. Of these branches, one (20%) is located in a low-income census tract, while the remaining branches are located in middle- and upper-income census tracts. In addition, three of the bank's branches are within a close proximity (i.e. two miles or less) to four low-income and five middle-income census tracts within the assessment area. According to recent demographic data, 15% and 9% of all area households are located in low- and moderate-income census tracts, respectively. FB has neither opened nor closed any branch offices in this assessment area since the previous evaluation.

ATMs are available and, through a network, provide customers with 24-hour nationwide access. Bank-by-mail and bank-by-computer services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices within the Wilmington, NC assessment area are open from 9:00 a.m. until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

Community Development Services:

Within this assessment area, community development opportunities are reasonably available, and the bank has sufficient capacity to participate in such activities. Within this context, the bank and its employees participated in an adequate level of community development service activities that support local organizations whose operations benefit low- and moderate-income people and/or promote small business development.

During the evaluation period, the bank supported the following organizations that specifically benefited the Wilmington, NC assessment area.

Community Services

- Kid's Making It
- The Good Shepard Center

Economic Development

- Wilmington Downtown

As previously indicated, the bank also participated in three community service activities that benefit multiple assessment areas within the statewide and multi-state area. In addition, FB employees utilized the ABA's Teach Children to Save program to promote financial literacy. During the evaluation period, bank employees taught seven Teach Children to Save classes targeted to area schools where a majority of students come from low- or moderate-income families.

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION’S OPERATIONS IN GREENSBORO-WINSTON-SALEM-HIGH POINT, NC ASSESSMENT AREA

This assessment area includes all of Davidson, Forsyth, Guildford, Randolph, and Rockingham counties, North Carolina. The assessment area includes all of the Greensboro-High Point, NC MSA (Guilford, Randolph, and Rockingham counties) and a contiguous portion of the Winston-Salem, NC MSA (Davidson and Forsyth counties). These two MSAs are a portion of the Greensboro-Winston-Salem-High Point, NC CSA. FB operates 16 branches within this assessment area. As of June 2018, the bank ranked 8th out of 22 institutions in deposit market share having 1.7% of the assessment area’s available FDIC insured deposits.

According to 2010 ACS data, the assessment area has a population of 1,237,349 and a median housing value of \$140,428. The owner-occupancy rate for the assessment area equals 59.7% and approximates the rates in the Greensboro-High Point, NC MSA (58.9%), the Winston-Salem, NC MSA (62.9%), as well as the statewide rate (58.4%). The percentage of area families living below the poverty level in the assessment area equals 11.7% and also approximates the family poverty rates in the Winston-Salem, NC MSA (11%), the Greensboro-High Point, NC MSA (11.9%), and the statewide area (11.4%). Area median family incomes during 2016 are included in the following table.

Median Family Income	
Assessment Area	2016
Greensboro-High Point, NC MSA	\$56,200
Winston-Salem, NC MSA	\$57,000

The tables on the following pages include pertinent demographic data for the assessment area.

Assessment Area Demographics

Greensboro-Winston Salem-High Point, NC (Based on 2010 ACS Data and 2016 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	26	8.8	16,924	5.3	7,436	43.9	68,811	21.7
Moderate	63	21.4	64,363	20.3	12,793	19.9	55,331	17.4
Middle	116	39.3	138,293	43.5	12,438	9.0	62,941	19.8
Upper	89	30.2	97,974	30.9	4,487	4.6	130,471	41.1
NA	1	0.3	0	0.0	0	0.0		
Total	295	100.0	317,554	100.0	37,154	11.7	317,554	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	8,761	2.7	29,453	6.1	11,937	40.5	113,438	23.5
Moderate	52,931	16.3	104,569	21.6	23,035	22.0	80,763	16.7
Middle	149,934	46.3	207,647	43.0	24,840	12.0	85,384	17.7
Upper	112,479	34.7	141,744	29.3	10,331	7.3	203,828	42.1
NA	0	0.0	0	0.0	0	0.0		
Total	324,105	100.0	483,413	100.0	70,143	14.5	483,413	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	3,294	6.0	2,777	5.5	491	10.5	26	6.0
Moderate	10,277	18.6	9,113	18.2	1,099	23.5	65	15.0
Middle	23,580	42.7	21,317	42.6	2,074	44.3	189	43.8
Upper	18,021	32.6	16,859	33.7	1,011	21.5	151	35.0
NA	30	0.1	18	0.0	11	0.2	1	0.2
Total	55,202	100.0	50,084	100.0	4,686	100.0	432	100.0
	Percentage of Total Businesses:			90.7		8.5		0.8

*NA-Tracts without household or family income as applicable

Following the most recent update to the ACS data, the income level designation of certain tracts within the assessment area changed from 2016 to 2017. In 2017, the number of low- and moderate-income census tracts increased. In addition to the change in census tract designations, the total number of families, number of households, and the number of low- and moderate-income households increased in the assessment area.

According to the 2015 ACS data, the assessment area has a population of 1,266,984 and a median housing value of \$142,695. The owner-occupancy rate for the assessment area equals 57.1% and approximates the rates in the Greensboro-High Point, NC MSA (56.4%), the Winston-Salem, NC MSA (60%), as well as the statewide rate (55.7%). The percentage of area families living below the poverty level in the assessment area equals 13.4% and also approximates the family poverty rates in the Winston-Salem, NC MSA (13.2%), the Greensboro-High Point, NC MSA (13.3%), and the statewide area (12.8%). Area median family incomes during 2017 are included in the following table.

Median Family Income	
Assessment Area	2017
Greensboro-High Point, NC MSA	\$56,000
Winston-Salem, NC MSA	\$56,800

Assessment Area Demographics

Greensboro-Winston Salem-High Point, NC (Based on 2015 ACS Data and 2017 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	27	9.2	20,772	6.4	8,756	42.2	71,298	22.0
Moderate	67	22.7	64,191	19.8	14,890	23.2	57,612	17.7
Middle	109	36.9	132,874	40.9	14,168	10.7	59,668	18.4
Upper	89	30.2	106,669	32.8	5,406	5.1	136,170	41.9
NA	3	1.0	242	0.1	150	62.0		
Total	295	100.0	324,748	100.0	43,370	13.4	324,748	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	10,769	3.4	35,049	7.0	14,314	40.8	116,626	23.4
Moderate	50,153	15.7	106,829	21.4	25,669	24.0	83,173	16.7
Middle	139,705	43.7	201,800	40.4	27,232	13.5	85,831	17.2
Upper	118,856	37.2	154,668	31.0	12,928	8.4	213,506	42.7
NA	84	0.0	790	0.2	413	52.3		
Total	319,567	100.0	499,136	100.0	80,556	16.1	499,136	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	2,663	5.4	2,276	5.1	370	7.9	17	4.1
Moderate	9,991	20.1	8,713	19.6	1,212	26.0	66	16.1
Middle	18,248	36.8	16,460	37.0	1,640	35.1	148	36.0
Upper	18,570	37.4	16,984	38.1	1,407	30.2	179	43.6
NA	143	0.3	105	0.2	37	0.8	1	0.2
Total	49,615	100.0	44,538	100.0	4,666	100.0	411	100.0
	Percentage of Total Businesses:			89.8		9.4		0.8

*NA-Tracts without household or family income as applicable

The local economy has a diversified employment and industrial base. The area's major employers include numerous hospitals and health care facilities as well as several colleges and universities. Other top employers include BB&T, Hanesbrands, Inc. (clothing company), UPS, Walmart stores, Unifi Manufacturing (textiles), local governments, and area school systems. Current and recent periodic unemployment rates are included in the following table.

Unemployment Rate Trend			
Geographic Area	Jan 2017	Jan 2018	Jan 2019
Davidson County	5%	4.1%	4.2%
Forsyth County	4.9%	4.3%	4.3%
Guilford County	5.3%	4.7%	4.7%
Randolph County	5%	4.2%	4.4%
Rockingham County	5.9%	5.2%	5%
Greensboro-High Point, NC MSA	5.3%	4.6%	4.7%
Winston-Salem, NC MSA	4.9%	4.2%	4.2%
Greensboro-Winston-Salem-High Point, NC CSA	5.1%	4.4%	4.5%
North Carolina	5.2%	4.4%	4.5%

Current and recent historical unemployment rates suggest that local economic conditions are not an impediment to area financial institutions meeting community credit needs.

A local economic development official was recently contacted to discuss local economic conditions and community needs. The contact indicated that the City of Greensboro struggles to retain young professional talent that would ultimately strengthen the local economy. The individual also stated that affordable housing and improved public transportation are areas of need. Despite these challenges, the contact indicated that area financial institutions are adequately serving the needs of the community.

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

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

During the evaluation period, the bank originated \$98.1 million in HMDA and \$25.9 million in small business loans. Based on relative lending volumes, the bank's HMDA performance was given more weight when considering its overall performance within the assessment area.

Lending Activity:

During 2016 and 2017, the bank reported 484 HMDA, 170 small business, and 26 small farm loans within this assessment area. The bank's lending activity within this assessment area during the evaluation period as measured by number (13%) and dollar volume (12%) lags the percentage of local deposits (16.5%) and bank branches (15.7%) in the assessment area.

According to 2017 aggregate data, the institution ranked 15th out of 400 reporters of mortgage lending with a 1.6% market share and ranked 22nd of 109 reporters out of CRA loans with a .4% market share. When considering the bank's dollar volume of lending in relation to the proportion of deposit accounts within the assessment area along with its market share rankings, the bank's lending activity is considered adequate within the assessment area.

Geographic Distribution:

The bank’s geographic distribution performance for both small business and mortgage lending is considered good overall.

Distribution of HMDA Loans by Income Level of Census Tract

Greensboro-Winston Salem-High Point, NC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(330)				Home Purchase (16,680)			
Low	4	1.2	299	0.5	345	2.1	31,019	1.1
Moderate	37	11.2	4,456	7.5	2,188	13.1	237,893	8.6
Middle	139	42.1	21,666	36.6	6,891	41.3	998,536	36.3
Upper	150	45.5	32,728	55.3	7,251	43.5	1,484,833	53.9
	(58)				Refinance (7,231)			
Low	0	0.0	0	0.0	134	1.9	14,645	1.3
Moderate	2	3.4	511	4.1	916	12.7	94,764	8.7
Middle	27	46.6	3,887	31.3	3,088	42.7	405,676	37.3
Upper	29	50.0	8,015	64.6	3,093	42.8	572,384	52.6
	(21)				Home Improvement (947)			
Low	0	0.0	0	0.0	26	2.7	1,096	1.4
Moderate	1	4.8	45	2.9	118	12.5	5,636	7.1
Middle	13	61.9	421	27.4	406	42.9	26,243	33.2
Upper	7	33.3	1,068	69.6	397	41.9	46,120	58.3
	(2)				Multi-Family (60)			
Low	1	50.0	208	34.9	10	16.7	50,114	27.7
Moderate	0	0.0	0	0.0	22	36.7	42,166	23.3
Middle	0	0.0	0	0.0	19	31.7	60,273	33.3
Upper	1	50.0	388	65.1	9	15.0	28,304	15.6
	HMDA Totals							
Low	5	1.2	507	0.7	515	2.1	96,874	2.4
Moderate	40	9.7	5,012	6.8	3,244	13.0	380,459	9.3
Middle	179	43.6	25,974	35.2	10,404	41.7	1,490,728	36.3
Upper	187	45.5	42,199	57.3	10,750	43.2	2,131,641	51.9
NA*	0	0.0	0	0.0	9	0.0	3,829	0.1
Total	411	100.0	73,692	100.0	24,922	100.0	4,103,531	100.0

NA*-Tracts without household or family income as applicable

Home purchase loans were originated most frequently in the assessment area by the bank and the aggregate lenders. Because of the home purchase loan product’s prominence with FB and the aggregate reporters, the performance associated with this product was given the most weight when evaluating the bank’s HMDA lending performance. When considering data from the aggregate reporters, FB’s home purchase loan performance was adequate, while its refinance and home improvement loan performance was poor. The bank’s performance associated with its multi-family housing lending was given little weight when evaluating the bank’s performance given the limited volume of lending by the bank and aggregate reporters.

When considering FB’s residential mortgage loan types on a combined basis, its lending in low-income census tracts (1.2%) lagged both the proportion of owner-occupied housing units located in such tracts (3.4%) and the aggregate lending level (2.1%). The bank's lending in moderate-income census tracts (9.7%) also lagged both the proportion of owner-occupied housing units located in such tracts (15.7%) and the aggregate lending level (13%). The bank’s 2017 lending performance is considered adequate.

During 2016, FB originated 73 residential mortgage loans totaling \$24.4 million. Of these loans, four (5.5%) totaling \$5.9 million (24.3%) were originated in low-income census tracts. FB's lending performance in low-income tracts exceeded both the percentage of owner-occupied units (2.7%) and the aggregate lending level (1.3%). The bank originated 12 (16.4%) residential mortgage loans totaling \$1.8 (7.4%) million within moderate-income census tracts. FB's lending in moderate-income tracts approximated the percentage of owner-occupied housing units (16.3%) located in such tracts and exceeded the aggregate lending level (12.1%). The bank's lending performance is considered excellent during 2016.

On a combined basis when considering the dollar volume of loans and the relative strength of performance in each year, the overall HMDA lending geographic distribution performance is considered good.

Distribution of Small Business Loans by Income Level of Census Tract

Greensboro-Winston Salem-High Point, NC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	3	3.8	738	5.6	1,009	4.8	52,550	5.2
Moderate	18	23.1	4,043	30.6	4,011	19.0	215,175	21.1
Middle	42	53.8	5,091	38.6	7,569	35.8	360,390	35.3
Upper	15	19.3	3,327	25.2	8,465	40.0	385,331	37.8
NA*	0	0.0	0	0.0	86	0.4	6,122	0.6
Total	78	100.0	13,199	100.0	21,140	100.0	1,019,568	100.0

*NA-Tracts without household or family income as applicable
Loans where the geographic location is unknown are excluded from this table.

The bank's level of small business lending in low-income census tracts (3.8%) lagged both the percentage of businesses in such areas (5.4%) and the aggregate reporter lending level (4.8%) in such census tracts. Conversely, the bank's lending in moderate-income census tracts (23.1%) exceeded both the percentage of businesses in such areas (20.1%) and the aggregate lending level (19%). The bank's 2017 performance is considered good, in large part, because of the strength of its moderate-income census tract lending performance. FB's 2016 lending performance is similar.

Distribution by Borrower Income and Revenue Size of the Business:

The bank's borrower distribution performance is considered good overall for both HMDA and small business lending.

Distribution of HMDA Loans by Income Level of Borrower

Greensboro-Winston Salem-High Point, NC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	23	5.9	1,630	2.3	1,361	6.6	103,651	3.2
Moderate	70	18.0	7,781	11.1	4,314	20.9	457,244	14.0
Middle	96	24.7	14,054	20.1	5,408	26.3	725,549	22.3
Upper	200	51.4	46,539	66.5	9,513	46.2	1,969,487	60.5
Total	389	100.0	70,004	100.0	20,596	100.0	3,255,931	100.0
Unknown	22		3,688		4,326		847,600	

Percentages (%) are calculated on all loans where incomes are known

The bank’s overall lending to low-income borrowers (5.9%) lagged the percentage of such families residing in the assessment area (22%) but approximated the proportion of aggregate lending to low-income borrowers (6.6%). The bank’s percentage of residential mortgage loans extended to moderate-income borrowers (18%) exceeded the percentage of moderate-income families living in the assessment area (17.7%) but lagged the percentage of aggregate lending to moderate-income borrowers (20.9%). Overall, the bank’s 2017 lending performance is considered adequate.

During 2016, FB originated 61 residential loans totaling \$10 million to borrowers for whom income was known. Of these loans, five (8.2%) totaling \$336,000 (3.4%) were originated to low-income borrowers, which lagged the percentage of low-income families (21.7%) but exceeded the aggregate lending level (6.9%). The bank originated 14 loans (23%) totaling \$1 million (10.2%) to moderate-income borrowers, which exceeded the percentage of moderate-income families (17.4%) and the aggregate lending level (20.1%). The bank’s level of lending is considered good during 2016.

On a combined basis, FB’s performance during 2016 and 2017 is considered good and reflects the relative strength of performance over the two-year period.

Distribution of Lending by Loan Amount and Size of Business

Greensboro-Winston Salem-High Point, NC (2017)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	54	69.2	8,115	61.5	11,378	53.1	413,700	40.3
Over \$1 Million	23	29.5	4,834	36.6	NA	NA	NA	NA
Unknown	1	1.3	250	1.9	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	45	57.7	1,967	14.9	19,468	90.8	326,483	31.8
\$100,001-\$250,000	16	20.5	2,801	21.2	992	4.6	172,163	16.8
\$250,001-\$1 Million	17	21.8	8,431	63.9	982	4.6	528,323	51.4
Total	78	100.0	13,199	100.0	21,442	100.0	1,026,969	100.0

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

D&B data from 2017 indicates that 89.8% of all local businesses have revenues that do not exceed \$1 million per year. Aggregate lending data from 2017 indicates that 53.1% of reported small business loans were to businesses having revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 56.6% were made to businesses having annual revenues of \$1 million or less. The bank’s level of lending to businesses having revenues of \$1 million or less exceeded the aggregate lenders’ level (69.2%) and is considered excellent.

During 2016, the bank originated 92 small business loans totaling \$12.7 million. While D&B data indicated that 90.7% of all local businesses had revenues that did not exceed \$1 million per year, the aggregate lenders reported originating 48.8% of their loans to businesses with revenues of \$1 million or less per year. After excluding large credit card and other specialty lenders, 54.6% of aggregate lenders reported small business loans were to businesses with annual revenues of \$1 million or less. FB's 2016 level of lending (58.7%) to businesses having revenues of \$1 million or less is considered good.

Given the similarity in the dollar volume of small business lending during each year, the bank’s performances during 2016 and 2017 are similarly weighted when considering the bank’s performance. FB’s overall performance during 2016 and 2017 is considered good.

Community Development Lending:

As previously indicated, community development lending opportunities are reasonably available within the Greensboro-Winston-Salem-High Point, NC assessment area. When considering the bank's capacity, market position, and business strategy, it faces no constraints in extending community development loans within the assessment area.

Specific to this assessment area, the bank originated 17 loans totaling \$32 million that benefitted low- and moderate-income people during the evaluation period. The loans supported the development of affordable housing, job creation, and community services. FB originated a relatively high volume of community development loans within the assessment area during the evaluation period when considering its capacity and available opportunities.

INVESTMENT TEST

When considering FB's investment activity specific to this assessment area along with its qualified investment activity at the statewide and regional area, its level of investment activity exhibits good responsiveness to area community development needs when considering investment opportunities and the bank's market presence. FB makes significant use of complex investments to support community development initiatives and exhibits good responsiveness to credit and community development needs within this assessment area.

During the evaluation period, FB either made or maintained the following qualified investments that specifically benefit the Greensboro-Winston-Salem-High Point, NC assessment area:

- \$2 million investment in a Fannie Mae loan pool made up of loans to area low- and moderate-income borrowers.
- \$350,000 invested in CAHEC for affordable housing within the assessment area.
- The bank made charitable donations totaling \$95,640 that support local organizations that provide community development services within the Greensboro-Winston-Salem-High Point, NC assessment area.

SERVICE TEST

The bank's performance under the Service Test within the Greensboro-Winston-Salem-High Point, NC assessment area is considered good. Systems for delivering retail banking services are accessible to all portions of the assessment area. The bank and its employees provided a relatively high level of community development services within the assessment area during the evaluation period.

Retail Services:

Delivery systems are accessible to all portions of the assessment area. Currently, FB operates 16 branch offices within this assessment area. While none these branches are located in low-income census tracts, five (31.3%) are located in moderate-income census tracts. In addition, six other bank branches are located within close proximity (two miles or less) of several low- and moderate-income census tracts. According to recent demographic data, 7% and 21.4% of area households are located in low- and moderate-income census tracts, respectively.

During the evaluation period, the bank opened or acquired nine branch offices and closed three within the assessment area. Of these branches, the bank opened one branch in a moderate-income census tract and also closed one office in a moderate-income census tract. The bank's branching activities have not adversely impacted the accessibility of its delivery systems, particularly to low- and moderate-income people and census tracts.

ATMs are available and, through a network, provide customers with 24-hour nationwide access. Bank-by-mail and bank-by-computer services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system.

Branch offices within this assessment area are open from 9:00 a.m. until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

Community Development Services:

Within this assessment area, community development opportunities are reasonably available, and the bank has sufficient capacity to participate in such activities. Within this context, the bank and its employees participated in a relatively high level of community development service endeavors that support local organizations. These organizations benefit low- and moderate-income people and/or promote small business development specific to this assessment area.

During the evaluation period, the bank supported the following organizations that specifically benefited the Greensboro-Winston-Salem-High Point, NC assessment area.

Community Services

- Family Services of High Point Foundation
- Guilford County Schools
- Junior Achievement of the Triad
- The Salvation Army of Davidson County
- YWCA Greensboro

Economic Development

- Randolph County Economic Development Corporation
- Randolph County Strategic Planning Steering Committee

Affordable Housing

- The Community Foundation of Greater Greensboro

As previously indicated, the bank also participated in three community service activities that benefit multiple assessment areas within the statewide area. In addition, FB employees utilized the ABA's Teach Children to Save program to promote financial literacy. During the evaluation period, bank employees taught 16 Teach Children to Save classes targeted to area schools where a majority of students come from low- or moderate-income families.

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MYRTLE BEACH-CONWAY-N. MYRTLE BEACH, NC ASSESSMENT AREA

This assessment area includes all of Brunswick County, North Carolina, which is a portion of the Myrtle Beach-Conway-N. Myrtle Beach, NC-SC MSA. The bank operates four branches within this assessment area. As of June 2018, FB ranked 3rd out of 12 institutions in deposit market share having 8.6% of the assessment area's available FDIC insured deposits.

According to 2010 ACS data, the assessment area has a population of 107,431 and a median housing value of \$190,538. The owner-occupancy rate for the assessment area equaled 47.4%, which exceeds the rate in the larger MSA (45.5%) but less than the statewide rate (58.4%). The assessment area is located in a popular beach area that has a comparatively large volume of second homes used as investment and vacation homes. The concentration of such second homes contributes to the overall lower owner-occupancy rate within the assessment area when compared to the statewide rate. The percentage of area families living below the poverty level in the assessment area (10.2%) is less than the family poverty rate in the overall MSA (11.2%) and the statewide area (11.4%). The median family income in the assessment area during 2016 equaled \$53,000. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Myrtle Beach-Conway-N Myrtle, NC (Based on 2010 ACS Data and 2016 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	5,768	18.6
Moderate	5	15.2	4,532	14.6	872	19.2	5,585	18.0
Middle	16	48.5	17,531	56.5	1,573	9.0	6,456	20.8
Upper	11	33.3	8,940	28.9	705	7.9	13,194	42.6
NA	1	3.0	0	0.0	0	0.0		
Total	33	100.0	31,003	100.0	3,150	10.2	31,003	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	9,857	21.7
Moderate	5,350	15.2	7,239	15.9	1,459	20.2	7,059	15.5
Middle	19,469	55.3	25,590	56.4	3,109	12.1	8,701	19.2
Upper	10,364	29.5	12,580	27.7	1,183	9.4	19,792	43.6
NA	0	0.0	0	0.0	0	0.0		
Total	35,183	100.0	45,409	100.0	5,751	12.7	45,409	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	789	16.0	751	16.3	29	11.6	9	11.5
Middle	2,434	49.4	2,258	49.0	136	54.6	40	51.3
Upper	1,707	34.6	1,594	34.7	84	33.8	29	37.2
NA	2	0.0	2	0.0	0	0.0	0	0.0
Total	4,932	100.0	4,605	100.0	249	100.0	78	100.0
	Percentage of Total Businesses:			93.4		5.0		1.6

*NA-Tracts without household or family income as applicable

Following the most recent update to the ACS data, the income level designation of certain tracts within the assessment area changed from 2016 to 2017. Specifically, the number of moderate-income census tracts increased from five to seven. In addition to the change in census tract income level designations, the total number of families, number of households, and the number of low- and moderate-income households increased in the assessment area.

According to the 2015 ACS data, the assessment area has a population of 115,926 and a median housing value of \$182,534. The owner-occupancy rate for the assessment area equals 46.5%, which approximates the rate in the larger MSA (44%) but is less than the statewide rate (55.7%). As previously noted, the assessment area and larger MSA is a vacation destination that has a large number of vacation and investment properties, which is a factor in the assessment area's lower owner-occupancy rate. The percentage of area families living below the poverty level in the assessment area (12.3%) approximates the family poverty rate in the overall MSA (12.8%) and the statewide area (12.8%). The median family income during 2017 equaled \$53,700. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Myrtle Beach-Conway-N Myrtle, NC (Based on 2015 ACS Data and 2017 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	6,363	18.6
Moderate	7	21.2	6,907	20.2	1,339	19.4	5,934	17.3
Middle	15	45.5	17,765	51.9	2,205	12.4	6,952	20.3
Upper	10	30.3	9,545	27.9	667	7.0	14,968	43.8
NA	1	3.0	0	0.0	0	0.0		
Total	33	100.0	34,217	100.0	4,211	12.3	34,217	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	10,714	21.8
Moderate	7,122	19.0	10,192	20.7	2,080	20.4	7,847	16.0
Middle	19,790	52.9	25,817	52.5	3,822	14.8	8,846	18.0
Upper	10,511	28.1	13,184	26.8	1,368	10.4	21,786	44.2
NA	0	0.0	0	0.0	0	0.0		
Total	37,423	100.0	49,193	100.0	7,270	14.8	49,193	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	897	20.6	834	20.7	42	17.3	21	26.9
Middle	1,988	45.7	1,840	45.6	119	49.0	29	37.2
Upper	1,465	33.7	1,355	33.7	82	33.7	28	35.9
NA	2	0.0	2	0.0	0	0.0	0	0.0
Total	4,352	100.0	4,031	100.0	243	100.0	78	100.0
Percentage of Total Businesses:				92.6		5.6		1.8

*NA-Tracts without household or family income as applicable

Major employers in the assessment area include the Brunswick County Board of Education, Progress Energy Service Company, Brunswick Community College, Wal-Mart stores, local government, and healthcare facilities. Current and recent periodic unemployment rates are included in the table on the following page.

Unemployment Rate Trend			
Geographic Area	Jan 2017	Jan 2018	Jan 2019
Brunswick County, NC	7.4%	6.5%	6.5%
Myrtle Beach-Conway-N. Myrtle Beach, SC-NC MSA	7.3%	6.3%	5.7%
North Carolina	5.2%	4.4%	4.5%

While area unemployment rates have trended downward, rates in the county and MSA have historically remained higher than the statewide rate. Although not displayed in the preceding table, unemployment rates vary during the year, in part, because of the seasonal nature of employment opportunities tied to the vacation industry within the assessment area.

A local economic development official was contacted recently to discuss local economic conditions and community needs. Despite relatively high area unemployment rates, the contact stated that Brunswick County's economy is expanding because Myrtle Beach is a tourist and golf destination. Nonetheless, the individual noted that funding for small businesses can be challenging to be obtain. The contact suggested that area financial institutions can provide additional small business development support within the assessment area.

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

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

Within this assessment area during 2016 and 2017, the bank originated \$70.4 million in HMDA and \$15.8 million in small business loans. Accordingly, the residential mortgage lending performance is given more weight than the small business lending performance when evaluating the bank's overall lending performance. However, at least one member of the local community suggested that additional small business funding is needed within the assessment area.

Lending Activity:

During 2016 and 2017, the bank reported 247 HMDA, 119 small business, and 14 small farm loans within this assessment area. The bank's lending activity within this assessment area during the evaluation period measured by number (7.3%) and dollar volume (8.3%) exceeds the percentage of local deposits (4%) and bank branches (3.9%) in the assessment area.

According to 2017 aggregate data, the institution ranked 9th out of 303 reporters of mortgage lending with a 2.4% market share and ranked 9th out of 54 reporters of CRA loans with a 3.7% market share. Lending levels reflect good responsiveness to assessment area credit needs when considering the volume of loans reported by the bank, its lending capacity within the assessment area, and market share rank.

Geographic Distribution:

While the assessment area includes the entirety of Brunswick County, North Carolina, there are no low-income census tracts within the assessment area. The assessment area does include a mixture of moderate-, middle-, and upper-income census tracts. In addition, the assessment area includes one unpopulated census tract, so it does not have an income level designation. The bank's performance by loan product for geographic performance is considered adequate for HMDA and good for small business lending. Overall, the geographic distribution performance is considered adequate because of the larger volume of HMDA lending in the assessment area.

Distribution of HMDA Loans by Income Level of Census Tract

Myrtle Beach-Conway-N Myrtle, NC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(132)				(4,652)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	16	12.1	3,729	9.4	607	13.1	102,078	10.3
Middle	72	54.5	20,813	52.3	2,477	53.3	472,869	47.7
Upper	44	33.3	15,254	38.3	1,565	33.7	415,643	42.0
	(10)				(1,202)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	2	20.0	341	15.0	186	15.5	31,050	12.4
Middle	5	50.0	1,250	54.9	583	48.5	106,370	42.3
Upper	3	30.0	686	30.1	433	36.0	113,934	45.3
	(2)				(163)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	32	19.6	2,745	18.2
Middle	2	100.0	625	100.0	82	50.3	7,285	48.2
Upper	0	0.0	0	0.0	49	30.1	5,081	33.6
	(0)				(2)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	0	0.0	0	0.0	1	50.0	80	32.7
Upper	0	0.0	0	0.0	1	50.0	165	67.3
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	18	12.5	4,070	9.5	825	13.7	135,873	10.8
Middle	79	54.9	22,688	53.1	3,143	52.2	586,604	46.6
Upper	47	32.6	15,940	37.4	2,048	34.1	534,823	42.6
NA*	0	0.0	0	0.0	3	0.0	593	0.0
Total	144	100.0	42,698	100.0	6,019	100.0	1,257,893	100.0

NA*-Tracts without household or family income as applicable

Within this assessment area, home purchase loans were extended most frequently by the bank and aggregate reporters. When considering the aggregate reporter performance, FB's home purchase performance is adequate, while its refinance is excellent. Given the limited volume of home improvement and multi-family housing loans within the assessment, FB's performance for these loan types was given little weight when considering the bank's overall performance.

When considering the bank's performance for all loan types combined, FB's lending in moderate-income census tracts (12.5%) lagged the proportion of owner-occupied housing units located in such areas (19%). Similarly, FB's level of lending also lagged the aggregate reporter lending level (13.7%), but by a much smaller degree than the percentage of owner-occupied housing units. The bank's performance is considered good.

During 2016, the bank originated 103 mortgage loans totaling \$27.7 million. Of these loans, five (4.9%) totaling \$870,000 (3.1%) were originated in moderate-income census tracts. The bank's lending in moderate-income census tracts lagged both the percentages of owner-occupied housing units (15.2%) located in such tracts and the aggregate reporter lending level (7.2%). The bank's performance during 2016 is considered adequate.

On a combined basis when considering the dollar volume of loans and the relative strength of performance in each year, the overall HMDA lending geographic distribution performance is considered adequate.

Distribution of Small Business Loans by Income Level of Census Tract

Myrtle Beach-Conway-N Myrtle, NC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	19	25.3	1,880	18.4	501	22.2	13,533	16.0
Middle	40	53.3	5,210	51.0	993	43.9	37,139	44.0
Upper	16	21.4	3,130	30.6	766	33.9	33,749	40.0
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	75	100.0	10,220	100.0	2,260	100.0	84,421	100.0

*NA-Tracts without household or family income as applicable
Loans where the geographic location is unknown are excluded from this table.

The bank’s lending in moderate-income census tracts (25.3%) exceeded both the percentage of area businesses in moderate-income census tracts (20.6%) and the aggregate level of lending (22.2%). The bank’s 2017 performance is considered good.

During 2016, the bank originated 44 small business loans totaling \$5.6 million. Of these loans, the bank originated five (11.4%) small business loans totaling \$341,000 (6.1%) in moderate-income census tracts. The bank's level of lending in moderate-income census tracts lagged both the percentage of businesses (16%) located in such tracts and the aggregate lending level (14.5%). FB’s lending in moderate-income census tracts is considered adequate during 2016.

The bank’s geographic distribution performance for small business lending is considered good overall during 2017. In reaching this conclusion, more weight was placed on the bank’s performance during 2017 because of its larger dollar volume of lending.

Distribution by Borrower Income and Revenue Size of the Business:

The bank’s borrower distribution performance is considered poor for HMDA lending and good for small business lending. Given the relative size of and strength of performance for each product, the bank’s overall performance is considered poor.

Distribution of HMDA Loans by Income Level of Borrower

Myrtle Beach-Conway-N Myrtle, NC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	0	0.0	0	0.0	130	2.5	11,540	1.1
Moderate	5	3.8	729	1.8	661	12.8	80,718	7.4
Middle	17	12.8	3,239	8.1	1,077	20.8	166,110	15.3
Upper	111	83.4	35,939	90.1	3,316	63.9	828,388	76.2
Total	133	100.0	39,907	100.0	5,184	100.0	1,086,756	100.0
Unknown	11		2,791		835		171,137	

Percentages (%) are calculated on all loans where incomes are known

FB did not extend any HMDA loans to low-income borrowers during 2017. With 18.6% of area families being low-income, the demographic data suggests that there is demand for residential mortgage loans from low-income borrowers. However, the aggregate data indicates that the level of such demand is lower given that only 2.5% of all reported residential mortgage loans were to low-income borrowers during 2017. Bank lending to moderate-income borrowers (3.8%) substantially lagged the percentage of area moderate-income families (17.3%) and the aggregate lending level (12.8%). FB’s performance is considered very poor primarily because of performance when lending to moderate-income borrowers.

During 2016, the bank originated 101 loans totaling \$27.4 million to borrowers whose income was known. Of these loans, two (2%) totaling \$163,000 were originated to low-income borrowers which substantially lagged the percentage of low-income families (18.6%) and approximated the aggregate lending level (2.8%). The bank originated five (5%) loans totaling \$522,000 (1.9%) to moderate-income borrowers, which also substantially lagged the percentage of moderate-income families (18%) and the aggregate lending level (11.8%). FB's performance is considered poor during 2016, in large part because of its weaker performance in lending to moderate-income borrowers.

On a combined basis when considering the dollar volume of loans and the relative strength of performance in each year, FB's overall HMDA borrower distribution performance is considered poor.

Distribution of Lending by Loan Amount and Size of Business

Myrtle Beach-Conway-N Myrtle, NC (2017)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	50	66.7	7,343	71.8	1,304	57.1	43,974	51.8
Over \$1 Million	24	32.0	2,207	21.6	NA	NA	NA	NA
Unknown	1	1.3	670	6.6	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	51	68.0	2,085	20.4	2,121	92.9	30,578	36.0
\$100,001-\$250,000	13	17.3	2,295	22.5	84	3.7	14,308	16.9
\$250,001-\$1 Million	11	14.7	5,840	57.1	77	3.4	39,988	47.1
Total	75	100.0	10,220	100.0	2,282	100.0	84,874	100.0

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

D&B data from 2017 indicates that 92.6% of all local businesses have revenues that do not exceed \$1 million per year. Aggregate lending data from 2017 indicate that 57.1% of reported small business loans were to businesses having revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 66.1% were made to businesses having annual revenues of \$1 million or less. The bank's level of lending to businesses having revenues of \$1 million or less (66.7%) is considered good, and its performance during 2016 is similar.

Community Development Lending:

As previously indicated, community development lending opportunities are reasonably available within the Myrtle Beach-Conway-N. Myrtle Beach, NC assessment area. When considering the bank's capacity, market position, and business strategy, it faces no constraints in extending community development loans within the assessment area.

Specific to this assessment area, the bank originated three community development loans totaling \$132,500 during the evaluation period. These loans supported the development of affordable housing and the provision of community services. FB engaged in a low level of community development lending within the assessment area when considering the bank's capacity and available opportunities.

INVESTMENT TEST

During the evaluation period, FB made charitable donations totaling \$7,939 that support local organizations that provide community development services within the Myrtle Beach-Conway-N. Myrtle Beach, NC assessment area. While its qualified investment activity specific to this assessment are is limited to charitable donations, the bank maintains a large volume of investments that benefit multiple assessment areas, which also include this assessment area.

When considering its level of investment activity within the assessment area and larger statewide and regional areas, FB exhibits adequate responsiveness to area community development needs and is rarely in a leadership position in this assessment area. At the statewide and institutional level, FB makes significant use of complex investments to support community development initiatives, some of which benefit this assessment area. FB exhibits adequate responsiveness to credit and community development needs within this assessment area.

SERVICE TEST

The bank's performance under the Service Test within the Myrtle Beach-Conway-N. Myrtle Beach, NC assessment area is considered adequate. Systems for delivering retail banking services are readily accessible to all portions of the assessment area. Also, bank employees have participated in an adequate level of community development services, given the size, location, and financial capacity of the institution.

Retail Services:

Delivery systems are readily accessible to all portions of the assessment area. There are no low-income census tracts within the assessment area. Currently, FB operates four branch offices within this assessment area, and two (50%) branches are located in moderate-income census tracts. According to recent demographic data, 20.7% of area households are located in moderate-income census tracts. During the evaluation period, the bank relocated one branch within the same census tract. Beyond this relocation, the bank did not open or close any other branch locations during the evaluation period.

ATMs are available and, through a network, provide customers with 24-hour nationwide access. Bank-by-mail and bank-by-computer services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices within this assessment area are open from 9:00 a.m. until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

Community Development Services:

Within this assessment area, community development opportunities are reasonably available, and the bank has sufficient capacity to participate in such activities. Within this context, the bank and its employees participated in an adequate level of community development service endeavors that support local organizations whose operations benefit low- and moderate-income people and/or promote small business development.

During the evaluation period, the bank supported the following organizations that specifically benefited the Myrtle Beach-Conway-N. Myrtle Beach, NC assessment area.

Community Services

- Smart Start of Brunswick County

Economic Development

- Brunswick County Chamber of Commerce

As previously indicated, the bank also participated in three community service activities that benefit multiple assessment areas within the statewide and multi-state area. In addition, FB employees utilized the ABA's Teach Children to Save program to promote financial literacy. During the evaluation period, bank employees taught seven Teach Children to Save classes targeted to area schools where a majority of students come from low- or moderate-income families.

METROPOLITAN AREAS

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

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN CHARLOTTE-CONCORD-
GASTONIA, NC ASSESSMENT AREA**

This assessment area includes all of Cabarrus, Iredell, Mecklenburg and Rowan counties, North Carolina, which is a portion of the Charlotte-Concord-Gastonia, NC-SC MSA. The bank operates eight branches within this assessment area. As of June 2018, FB ranked 19th out of 29 institutions in deposit market share having .1% of the assessment area's available FDIC insured deposits.

According to 2010 ACS data, the assessment area has a population of 1,395,504 and a median housing value of \$171,567. The owner-occupancy rate for the assessment area equaled 59.6%, which approximates the statewide rate (58.4%), but is less than the rate in the larger MSA (62.4%). The percentage of area families living below the poverty level in the assessment area (9.5%) approximates the family poverty rate in the overall MSA (9.9%), but is less than the statewide area rate (11.4%). During 2016, the median family income in the Charlotte-Concord-Gastonia, NC-SC MSA equaled \$64,100. The tables on the following pages include pertinent demographic data for the assessment area.

Assessment Area Demographics

Charlotte-Concord-Gastonia, NC (Based on 2010 ACS Data and 2016 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	35	10.2	22,873	6.7	7,184	31.4	70,417	20.6
Moderate	77	22.4	70,834	20.7	11,672	16.5	57,738	16.9
Middle	105	30.5	114,879	33.6	9,453	8.2	68,922	20.1
Upper	123	35.7	133,805	39.0	4,323	3.2	145,314	42.4
NA	4	1.2	0	0.0	0	0.0		
Total	344	100.0	342,391	100.0	32,632	9.5	342,391	100.0
	Owner Occupied Units by Tract		Households					
	#	%	HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	12,374	3.6	39,011	7.4	11,681	29.9	116,877	22.3
Moderate	60,070	17.3	113,917	21.7	19,779	17.4	84,177	16.0
Middle	121,441	35.0	171,108	32.6	17,671	10.3	97,975	18.7
Upper	153,164	44.1	200,592	38.2	11,031	5.5	225,926	43.0
NA	49	0.0	327	0.1	167	51.1		
Total	347,098	100.0	524,955	100.0	60,329	11.5	524,955	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
	#	%	Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	5,375	7.8	4,450	7.2	898	14.2	27	4.9
Moderate	11,379	16.5	10,158	16.4	1,129	17.9	92	16.7
Middle	19,810	28.8	17,960	29.0	1,717	27.2	133	24.2
Upper	31,465	45.8	28,814	46.5	2,368	37.5	283	51.5
NA	750	1.1	531	0.9	204	3.2	15	2.7
Total	68,779	100.0	61,913	100.0	6,316	100.0	550	100.0
Percentage of Total Businesses:				90.0		9.2		0.8

*NA-Tracts without household or family income as applicable

Following the most recent update to the ACS data, the income level designation of certain tracts within the assessment area changed from 2016 to 2017. In 2017, the number of low- and moderate-income census tracts increased. In addition to the change in census tract designations, the total number of families, number of households, and the number of low- and moderate-income households increased in the assessment area.

According to the 2015 ACS data, the assessment area has a population of 1,482,090 and a median housing value of \$172,731. The owner-occupancy rate for the assessment area equals 55.9%, which approximates the statewide rate (55.7%), but is less than the rate in the larger MSA (59.6%). The percentage of area families living below the poverty level in the assessment area (11.3%) approximates the family poverty rate in the overall MSA (11.4%), but is less than the statewide area rate (12.8%). During 2017, the median family income in the Charlotte-Concord-Gastonia, NC-SC MSA equaled \$67,700.

Assessment Area Demographics

Charlotte-Concord-Gastonia, NC (Based on 2015 ACS Data and 2017 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	36	10.5	27,241	7.5	9,462	34.7	81,373	22.4
Moderate	90	26.2	87,796	24.1	16,734	19.1	60,248	16.5
Middle	94	27.3	106,925	29.4	9,417	8.8	66,359	18.2
Upper	120	34.8	141,927	39.0	5,483	3.9	156,062	42.9
NA	4	1.2	153	0.0	69	45.1		
Total	344	100.0	364,042	100.0	41,165	11.3	364,042	100.0
	Owner Occupied Units by Tract		Households					
	#	%	HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
#			%	#	%	#	%	#
Low	13,197	3.8	47,565	8.5	15,443	32.5	127,829	22.8
Moderate	72,152	20.9	142,369	25.4	28,212	19.8	90,436	16.2
Middle	109,099	31.6	159,447	28.5	17,628	11.1	97,603	17.4
Upper	150,608	43.7	209,543	37.5	13,120	6.3	243,584	43.6
NA	90	0.0	528	0.1	256	48.5		
Total	345,146	100.0	559,452	100.0	74,659	13.3	559,452	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
	#	%	Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
#			%	#	%	#	%	#
Low	4,637	7.7	3,843	7.2	776	12.4	18	3.6
Moderate	12,805	21.2	11,185	20.9	1,522	24.3	98	19.8
Middle	14,782	24.5	13,354	24.9	1,297	20.7	131	26.5
Upper	27,624	45.8	24,874	46.4	2,511	40.0	239	48.5
NA	496	0.8	323	0.6	165	2.6	8	1.6
Total	60,344	100.0	53,579	100.0	6,271	100.0	494	100.0
Percentage of Total Businesses:				88.8		10.4		0.8

*NA-Tracts without household or family income as applicable

Major employers generally include large financial institutions (i.e. Wells Fargo and Bank of America), area hospitals, American Airlines, Universal Protection Service, Lowe’s, Amazon, local government, and area school systems.

Unemployment Rate Trend			
Geographic Area	Jan 2017	Jan 2018	Jan 2019
Cabarrus County	4.7%	4%	4.1%
Iredell County	5.1%	4.2%	4.1%
Mecklenburg County	4.8%	4.2%	4.2%
Rowan County	5.6%	4.5%	4.5%
Charlotte-Concord-Gastonia, NC MSA	4.9%	4.2%	4.1%
North Carolina	5.2%	4.4%	4.5%

Current and recent historical unemployment rates suggest that local economic conditions are not an impediment to area financial institutions meeting community credit needs.

An economic development official was contacted recently to discuss area economic conditions and community credit needs. The official indicated the demand for multifamily housing, as educated millennials continue to migrate to the area. She also noted that financial institutions can support small businesses through micro-lending. The contact indicated that area financial institutions reasonably meet the credit needs of the community.

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

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

Within this assessment area during the evaluation period, the bank originated \$41.7 million in HMDA and \$21.6 million in small business loans. Based on relative lending volumes, the bank's HMDA performance was given more weight when considering its overall performance within the assessment area.

Lending Activity:

During 2016 and 2017, the bank reported 157 HMDA, 128 small business, and 15 small farm loans within this assessment area. The bank's lending activity within this assessment area during the evaluation period measured by number (5.8%) and dollar volume (6.2%) is generally proportional to the percentage of local deposits (4.5%) and bank branches (7.8%) in the assessment area.

According to 2017 aggregate data, the institution ranked 74th of 502 reporters of mortgage lending with a .3% market share and ranked 31st of 85 reporters of CRA loans with a .3% market share. Lending levels reflect adequate responsiveness to assessment area credit needs when considering the volume of loans reported by the bank, its lending capacity within the assessment area, and market share rank.

Geographic Distribution:

The bank's geographic distribution for both residential mortgage and small business lending is considered good.

Distribution of HMDA Loans by Income Level of Census Tract

Charlotte-Concord-Gastonia, NC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(83)				Home Purchase (28,755)			
Low	1	1.2	48	0.2	975	3.4	161,656	2.5
Moderate	14	16.9	2,493	9.8	5,603	19.5	884,609	13.5
Middle	41	49.4	11,013	43.1	9,005	31.3	1,678,301	25.6
Upper	27	32.5	11,980	46.9	13,145	45.8	3,822,120	58.4
	(20)				Refinance (13,384)			
Low	0	0.0	0	0.0	349	2.6	43,227	1.6
Moderate	2	10.0	340	6.7	2,337	17.5	311,247	11.3
Middle	7	35.0	1,198	23.5	4,241	31.7	685,185	24.8
Upper	11	55.0	3,562	69.8	6,457	48.2	1,723,444	62.4
	(4)				Home Improvement (1,491)			
Low	0	0.0	0	0.0	46	3.1	4,788	2.0
Moderate	3	75.0	184	40.1	275	18.4	25,591	10.6
Middle	0	0.0	0	0.0	422	28.3	42,168	17.5
Upper	1	25.0	275	59.9	748	50.2	168,879	70.0
	(1)				Multi-Family (54)			
Low	0	0.0	0	0.0	13	24.1	77,143	11.5
Moderate	0	0.0	0	0.0	16	29.6	113,054	16.9
Middle	0	0.0	0	0.0	13	24.1	281,520	42.0
Upper	1	100.0	960	100.0	12	22.2	198,981	29.7
	HMDA Totals							
Low	1	0.9	48	0.1	1,383	3.2	286,814	2.8
Moderate	19	17.6	3,017	9.4	8,231	18.8	1,334,501	13.0
Middle	48	44.4	12,211	38.1	13,681	31.3	2,687,174	26.3
Upper	40	37.1	16,777	52.4	20,362	46.6	5,913,424	57.8
NA*	0	0.0	0	0.0	35	0.1	6,170	0.1
Total	108	100.0	32,053	100.0	43,692	100.0	10,228,083	100.0

NA*-Tracts without household or family income as applicable

Home purchase loans represent the largest category of lending for the bank and aggregate reporters and carries the most weight when considering the bank’s overall performance. When considering the aggregate reporters’ lending activity, FB’s home purchase and refinance loan performance is considered adequate, while its home improvement performance is good. Given the limited volume of multi-family housing lending in the assessment area by the aggregate reporters, FB’s multi-family housing performance is not considered impactful when considering the bank’s overall performance.

Overall, the bank’s level of lending in low-income census tracts (.9%) lagged both the proportion of owner-occupied housing units (3.8%) and the aggregate lending level (3.2%). Bank lending in moderate-income census tracts (17.6%) lagged the proportion of owner-occupied housing units (20.9%) and approximated the aggregate lending level (18.8%). During 2017, the bank’s performance is considered adequate.

During 2016, the bank originated 49 mortgage loans totaling \$9.6 million. Of these loans, the bank originated two loans (4.1%) totaling \$396,000 (4.1%) in low-income census tracts. FB’s performance exceeded the proportion of owner-occupied housing units (3.6%) and the aggregate lending level (3.1%). The bank originated ten loans (20.4%) totaling \$1.2 million (12%) within moderate-income census tracts, which significantly exceeded the aggregate lending level (12.9%) and the proportion of owner-occupied housing units (17.3%). This performance is considered excellent.

On a combined basis, the bank’s HMDA geographic distribution performance is considered good when considering the volume of lending and strength of performance for each year.

Distribution of Small Business Loans by Income Level of Census Tract

Charlotte-Concord-Gastonia, NC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	2	2.7	300	2.3	2,567	7.5	140,901	9.8
Moderate	16	21.3	1,940	14.7	6,524	19.2	303,628	21.1
Middle	32	42.7	3,744	28.3	8,184	24.1	278,109	19.3
Upper	25	33.3	7,228	54.7	16,477	48.4	688,375	48.0
NA*	0	0.0	0	0.0	266	0.8	26,306	1.8
Total	75	100.0	13,212	100.0	34,018	100.0	1,437,319	100.0

*NA-Tracts without household or family income as applicable
Loans where the geographic location is unknown are excluded from this table.

The bank’s level of small business lending in low-income census tracts (2.7%) lagged both the percentage of businesses in such areas (7.7%) and the aggregate reporter lending level (7.5%) in such census tracts. Conversely, the bank’s lending in moderate-income census tracts (21.3%) approximated the percentage of businesses in such areas (21.2%) and exceeded the aggregate lending level (19.2%). The bank’s performance is considered good, in large part, because of the strength of its moderate-income census tract lending performance. FB’s 2016 performance is similar.

Distribution by Borrower Income and Revenue Size of the Business:

The bank’s borrower distribution for residential mortgage lending is considered adequate, while its small business lending performance is considered excellent. Overall, FB’s borrower distribution is considered good and reflects the relative weighting by dollar volume and strength of performance by each product.

Distribution of HMDA Loans by Income Level of Borrower

Charlotte-Concord-Gastonia, NC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	3	3.0	174	0.6	2,673	7.2	271,310	3.3
Moderate	17	17.0	2,429	8.2	7,828	21.0	1,089,023	13.3
Middle	15	15.0	2,284	7.7	8,912	24.0	1,602,843	19.6
Upper	65	65.0	24,915	83.5	17,780	47.8	5,227,671	63.8
Total	100	100.0	29,802	100.0	37,193	100.0	8,190,847	100.0
Unknown	8		2,251		6,499		2,037,236	

Percentages (%) are calculated on all loans where incomes are known

The bank’s overall lending to low-income borrowers (3%) lagged the percentage of such families residing in the assessment area (22.4%) and the proportion of aggregate lending to low-income borrowers (7.2%). The bank’s percentage of residential mortgage loans extended to moderate-income borrowers (17%) approximated the percentage of moderate-income families living in the assessment area (16.5%) but lagged the percentage of aggregate lending to moderate-income borrowers (21%). Overall, the bank’s 2017 lending performance is considered adequate, and its 2016 performance is similar.

Distribution of Lending by Loan Amount and Size of Business

Charlotte-Concord-Gastonia, NC (2017)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	46	61.3	9,566	72.4	17,729	51.4	522,159	36.0
Over \$1 Million	26	34.7	3,101	23.5	NA	NA	NA	NA
Unknown	3	4.0	545	4.1	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	41	54.7	1,947	14.7	31,958	92.7	523,733	36.1
\$100,001-\$250,000	18	24.0	3,109	23.5	1,150	3.3	205,759	14.2
\$250,001-\$1 Million	16	21.3	8,156	61.8	1,374	4.0	722,532	49.7
Total	75	100.0	13,212	100.0	34,482	100.0	1,452,024	100.0

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

D&B data from 2017 indicates that 88.8% of all local businesses have revenues that do not exceed \$1 million per year. Aggregate lending data from 2017 indicate that 51.4% of reported small business loans were to businesses having revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 53.5% were made to businesses having annual revenues of \$1 million or less. The bank’s level of lending to businesses having revenues of \$1 million or less (61.3%) is considered good.

During 2016, the bank originated 53 small business loans totaling \$8.4 million. D&B data indicated that 90% of all local businesses had revenues that did not exceed \$1 million per year. According to aggregate data from 2016, 49.5% of all reported small business loans were to businesses having revenues of \$1 million or less. After excluding large credit card and other specialty lenders, 51.8% of aggregate lenders reported small business loans were to businesses with annual revenues of \$1 million or less. FB's 2016 level of lending (79.2%) to businesses having revenues of \$1 million or less is considered excellent.

On a combined basis when considering the dollar volume of loans and the relative strength of performance in each year, the overall small business lending distribution performance is considered excellent.

Community Development Lending:

As previously indicated, community development lending opportunities are reasonably available within the Charlotte-Concord-Gastonia, NC assessment area. When considering the bank’s capacity, market position, and business strategy, it faces no constraints in extending community development loans within the assessment area.

Specific to this assessment area, the bank originated nine loans totaling \$60.1 million that benefitted low- and moderate-income people during the evaluation period. The loans supported the development of affordable housing and community services. FB is considered a leader at making community development loans within the assessment area when considering the bank’s capacity and available opportunities.

INVESTMENT TEST

When considering FB's investment activity specific to this assessment area along with its qualified investment activity at the statewide and regional area, its level of investment activity exhibits good responsiveness to area community development needs when considering investment opportunities and the bank's market presence. FB makes significant use of complex investments to support community development initiatives and exhibits good responsiveness to credit and community development needs within this assessment area.

During the evaluation period, FB either made or maintained the following qualified investments that specifically benefit the Charlotte-Concord-Gastonia, NC assessment area:

- \$1 million invested in mortgage-backed securities made up of affordable housing loans originated by the Habitat for Humanity of Charlotte.
- \$455,429 invested in CAHEC for affordable housing within the assessment area.
- The bank made charitable donations totaling \$9,800 that support local organizations that provide community development services within the Charlotte-Concord-Gastonia, NC assessment area.

SERVICE TEST

The bank's performance under the Service Test within the Charlotte-Concord-Gastonia, NC assessment area is considered good. Systems for delivering retail banking services are readily accessible to all portions of the assessment area. Also, bank employees have participated in a relatively high level of community development services, given the size, location, and financial capacity of the institution.

Retail Services:

Delivery systems are readily accessible to all portions of the assessment area. Currently, FB operates eight branch offices within this assessment area. Of these branches, none are located in low-income census tracts, and four (50%) are located in moderate-income census tracts within the assessment area. While none of the bank's branches are located in low-income census tracts, one of the bank's branches is located less than two miles from a low-income census tract. According to recent demographic data, 8.5% and 25.4% of area households are located in low- and moderate-income census tracts, respectively.

During the evaluation period, FB did not close any branches within the assessment area. However, the bank opened three branch offices within the assessment area during the evaluation period. Of the branches opened, one is located in a moderate-income census tract, while the others are located in upper-income census tracts. The bank's branching activities improved the accessibility of FB's delivery systems, particularly to low- and moderate-income people and areas.

ATMs are available and, through a network, provide customers with 24-hour nationwide access. Bank-by-mail and bank-by-computer services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices within this assessment area are open from 9:00 a.m. until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

FB also partnered with a local community development corporation (CDC) within this assessment area to offer Individual Development Accounts to low- and moderate-income people through a home ownership program sponsored by the CDC.

Community Development Services:

Within this assessment area, community development opportunities are reasonably available, and the bank has sufficient capacity to participate in such activities. Within this context, the bank and its employees participated in a relatively high level of community development service activities that support local organizations. These organizations benefit low- and moderate-income people and/or promote small business development specific to this assessment area.

During the evaluation period, the bank supported the following organizations that specifically benefited the Charlotte-Concord-Gastonia, NC assessment area.

Community Services

- Capstone Recovery Center
- Salvation Army
- The Good Fellows Club

Economic Development

- Charlotte Regional Business Alliance

Affordable Housing

- Habitat for Humanity of Rowan County

As previously indicated, the bank also participated in three community service activities that benefit multiple assessment areas within the statewide and multi-state area. In addition, FB employees utilized the ABA's Teach Children to Save program to promote financial literacy. During the evaluation period, bank employees taught eight Teach Children to Save classes targeted to area schools where a majority of students come from low- or moderate-income families.

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION’S OPERATIONS IN METROPOLITAN AREAS

Certain assessment areas, which are noted in the table below, were reviewed using the limited review examination procedures. Information detailing the composition of the assessment areas, including selected demographic data, is included in **APPENDIX C** of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

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

Assessment Area	Lending Test	Investment Test	Service Test
Burlington, NC MSA	Consistent	Consistent	Consistent
Fayetteville, NC	Below	Consistent	Below
Greenville, NC MSA	Consistent	Consistent	Consistent
Jacksonville, NC MSA	Below	Consistent	Consistent
Raleigh-Durham-Chapel Hill, NC	Consistent	Consistent	Below

STATE OF SOUTH CAROLINA

CRA RATING FOR SOUTH CAROLINA: SATISFACTORY

The lending test is rated: Low Satisfactory

The investment test is rated: Low Satisfactory

The service test is rated: Low Satisfactory

Major factors supporting the rating include:

- FB's lending activity reflects adequate responsiveness to assessment area credit needs.
- The bank's geographic distribution performance varies by product and assessment area and is considered poor overall.
- The bank's borrower distribution performance also varies by product and assessment area and is considered adequate overall.
- FB's responsiveness to the credit needs of low-income areas and borrowers and to small businesses is considered adequate overall.
- During the evaluation period, the bank was a leader in making community development loans in the State of South Carolina. In addition, FB makes use of innovative products and flexible lending practices to meet credit needs within its assessment areas.
- FB maintains an adequate level of qualified investments that benefit South Carolina and its assessment areas within the state. Within the state, FB rarely utilizes complex investments and exhibits adequate responsiveness to community development needs.
- Delivery systems and branch locations are reasonably accessible within the bank's assessment areas located in South Carolina. Retail banking services do not vary in a way that inconveniences the bank's assessment areas, particularly low- and moderate-income areas and people.
- The bank did not open or close any branch offices within South Carolina during the evaluation period.
- The bank provided an adequate level of community development services within the statewide area.

SCOPE OF EXAMINATION

Reported HMDA and small business loans from calendar years 2016 and 2017 were analyzed to determine the geographic and the borrower distribution of the bank's lending. As previously noted, the bank's small farm lending performance was not evaluated because the bank originated a comparatively small volume of such loans within South Carolina during the evaluation period. Qualified community development loans and services are also considered for activities since the previous evaluation (December 14, 2015). All qualified investments made during this same period and those outstanding as of the evaluation, regardless of when made, were also considered.

The bank has delineated the following three assessment areas in the State of South Carolina:

- Florence, SC
- Chesterfield County, SC NonMSA
- Dillon County, SC NonMSA

On a combined basis, the assessment areas in the State of South Carolina account for 3.5% of the bank's overall lending (dollar volume), 5.9% of branches, and 3.6% of deposit volume. Information about loan volume, branches, and deposits are included in Appendix D of this report.

Based upon the relative size and concentration of banking activities, the Florence, SC and the Chesterfield County, SC NonMSA assessment areas were identified as the bank's primary markets within South Carolina and were reviewed utilizing the FFIEC's full-scope evaluation procedures.

Consequently, the bank's performance rating within South Carolina are based on its performance in these assessment areas and on state level qualified activities. The remaining assessment area was subject to the limited review procedure and a determination was made as to whether its performance exceeded, was consistent with, or was below the assigned state rating. Appendices A and B include information about the evaluation's scope and statewide ratings.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SOUTH CAROLINA

The institution operates six branch offices located throughout the bank’s three assessment areas in South Carolina. These six branch offices account for approximately \$165.9 million (3.6%) of the bank's total deposit base. As of June 2018, FB ranked 7th out of 16 institutions in deposit market share having 5.6% of the available FDIC insured deposits within the South Carolina assessment areas.

According to 2015 ACS data, the bank's combined assessment areas within the State of South Carolina have a population of 215,957, including 56,291 families. A majority of the families are middle- and upper-income (58.8%), while low- and moderate-income families comprise 24.6% and 16.6% of the total, respectively. Within these assessment areas, the owner-occupancy rate equals 58% and 18.2% of families live below the poverty level. Area median family incomes applicable to the South Carolina assessment areas are provided in the following table.

Assessment Area	Median Family Incomes	
	2016	2017
Florence, SC MSA	\$48,400	\$53,900
South Carolina Statewide Nonmetropolitan Areas	\$44,200	\$45,900

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SOUTH CAROLINA

LENDING TEST

Overall, the statewide lending test is rated Low Satisfactory. Lending activity is considered adequate overall and is measured primarily by the bank’s volume of lending and its corresponding market share. The geographic distribution is considered poor, while borrower distribution performance is considered adequate. Additionally, the bank is a leader at making community development loans within South Carolina. The bank’s strong community development loan performance is a significant factor in the bank’s overall Low Satisfactory rating.

Lending Activity:

During 2016 and 2017, the bank reported 102 HMDA, 100 small business, and 4 small farm loans within the assessment areas in the South Carolina. FB’s number (4%) and dollar (3.5%) volume of lending lags the proportion of branches (5.9%), but approximates the percentage of deposits (3.6%) within South Carolina.

According to 2017 aggregate data, the institution ranked 21st out of 224 lenders in reported mortgage lending with a 1.3% market share and ranked 12th out of 60 lenders in reported CRA loans with a 2.7% market share within South Carolina. When considering the number of loans reported by the bank during 2016 and 2017, the dollar volume of lending in relation to the proportion of deposit accounts within the assessment area, and its market share rankings, the bank’s lending activity reflects adequate responsiveness to credit needs within South Carolina.

Geographic and Borrower Distribution:

The bank’s geographic distribution performance varies by product from very poor to excellent for both HMDA lending and small business and is considered poor overall within South Carolina. Similarly, the bank’s borrower distribution performance varies by product from very poor to excellent for HMDA lending and poor to excellent for small business lending and is considered adequate overall. In addition,

FB is adequately responsive to the credit needs of low-income areas and borrowers and to small businesses overall. In reaching these conclusions, more weight was placed on the bank's HMDA lending performance because of the larger dollar volume of such lending within the assessment areas reviewed utilizing full-scope evaluation procedures.

Community Development Loans:

Within the bank's Florence, SC assessment area, community development lending opportunities are reasonably available, while such opportunities are limited within the nonmetropolitan assessment areas. While opportunities may be limited, the bank faces no constraints relative to its size and business strategy in making community development loans and has extended such loans consistent with available opportunities.

During the evaluation period, the bank originated or participated in the funding of 35 community development loans totaling \$95.5 million. These loans benefitted the bank's assessment areas and the broader statewide area and primarily provided affordable housing to low- and moderate-income individuals as well as community revitalization and services. Within South Carolina, the bank was a leader at providing community development loans during the evaluation period when considering the bank's capacity and the demand for such lending.

INVESTMENT TEST

The institution's level of qualified investments benefiting South Carolina is rated Low Satisfactory. The bank's investment and grant activity represents an adequate level of community development investments and donations within South Carolina. Based on its investment activity in South Carolina, the bank is rarely in a leadership position and only occasionally makes complex or innovative investments that support community development initiatives. Overall, FB exhibits adequate responsiveness to credit and community development needs through its investing and donation activity.

In addition to the previously noted investments that benefit the statewide area and multi-state regional areas that include South Carolina, the bank's qualified community development investments total \$4.3 million in the State of South Carolina. The bank also made charitable donations to community development organizations totaling approximately \$20,090 within South Carolina during the evaluation period.

FB's community development investment activity consists primarily of three investments. Two of the investments specifically benefit bank assessment areas and information about these investments is provided in the assessment area discussions. The remaining investment (\$1.7 million in bonds) supported a large economic redevelopment project that created in excess of 3,800 jobs in the Greater Charleston area. While this investment benefits the statewide area, it has no material impact on the bank's assessment areas within South Carolina.

SERVICE TEST

The bank's Service Test performance is rated Low Satisfactory in the State of South Carolina. The bank's delivery systems and branches are reasonably accessible to low- and moderate-income people. Additionally, FB provided an adequate level of community development services in the statewide area during the evaluation period.

As indicated in the previous paragraph, delivery systems and branch locations are considered reasonably accessible to individuals and geographies of different income levels within the bank's assessment areas. Of the six branch offices within the bank's assessment areas located in South Carolina, one (16.7%) is located within a moderate-income census tract. The bank's remaining branches are located in middle- and upper-income census tracts. In comparison, 2.7% of area households are located in low-income census tracts, while 24.1% of area households are located in moderate-income census tracts within the statewide assessment areas.

FB did not open or close any branches within the State of South Carolina during the evaluation period. Branch services offered and business hours do not vary in a way that inconveniences the statewide assessment areas, particularly low- and moderate-income area and people.

While community development opportunities vary from limited to reasonable within the bank's statewide assessment areas, the bank has the capacity and resources to support community development activities within the South Carolina assessment areas. As previously noted, FB employees utilized the ABA's Teach Children to Save program to promote financial literacy. During the evaluation period, bank employees taught six Teach Children to Save classes targeted to area schools where a majority of students come from low- or moderate-income families within South Carolina outside of the bank's existing assessment areas. Activities that benefit specific assessment areas are noted in those assessment area discussions. The bank participated in an adequate level of community development service activities that benefitted South Carolina and its assessment areas.

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

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN FLORENCE, SC ASSESSMENT
AREA**

This assessment area includes all of Florence County, South Carolina, which is a portion of the Florence, SC MSA. The bank operates two branches within this assessment area. FB ranked 11th out of 13 institutions in deposit market share having 2.4% of the assessment area's available FDIC insured deposits, as of June 2018.

According to the 2010 ACS data, the assessment area has a population of 136,885 and a median housing value of \$108,436. The owner-occupancy rate in the assessment area equals 59.4%, which approximates the rate in the larger MSA (60.7%) and statewide area (58.3%). The percentage of area families living below the poverty level in the assessment area (14.6%) approximates the family poverty rate in the overall MSA (14.6%), but exceeds the state's overall poverty rate (12.3%). During 2016, the median family income in the Florence, SC MSA equaled \$48,400. The table on the following page includes pertinent demographic data for the Florence, SC assessment area.

Assessment Area Demographics

Florence, SC (Based on 2010 ACS Data and 2016 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	6.1	717	2.0	295	41.1	7,844	21.8
Moderate	6	18.2	6,496	18.0	1,908	29.4	6,096	16.9
Middle	16	48.5	17,904	49.7	2,428	13.6	7,059	19.6
Upper	9	27.2	10,935	30.3	614	5.6	15,053	41.7
NA	0	0.0	0	0.0	0	0.0		
Total	33	100.0	36,052	100.0	5,245	14.5	36,052	100.0
	Owner Occupied Units by Tract		Households					
	#	%	HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	482	1.4	1,270	2.5	599	47.2	12,268	23.8
Moderate	5,135	15.1	9,196	17.8	3,068	33.4	8,112	15.7
Middle	17,139	50.2	25,569	49.5	4,107	16.1	9,363	18.1
Upper	11,356	33.3	15,601	30.2	1,137	7.3	21,893	42.4
NA	0	0.0	0	0.0	0	0.0		
Total	34,112	100.0	51,636	100.0	8,911	17.3	51,636	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
	#	%	Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	170	3.3	136	3.0	32	7.1	2	4.4
Moderate	724	14.2	652	14.2	61	13.5	11	24.4
Middle	2,534	49.9	2,314	50.5	200	44.3	20	44.4
Upper	1,654	32.6	1,484	32.3	158	35.1	12	26.8
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	5,082	100.0	4,586	100.0	451	100.0	45	100.0
Percentage of Total Businesses:				90.2		8.9		0.9

*NA-Tracts without household or family income as applicable

Following the most recent update to the ACS data, the income level designation of low- and moderate-income census tracts remained the same from 2016 to 2017. In 2017, the total number of households and the number of low- and moderate-income households increased, while the number of families decreased in the assessment area.

According to the 2015 ACS data, the assessment area has a population of 138,330 and a median housing value of \$122,227. The owner-occupancy rate in the assessment area equals 58.2%, which approximates the rate in the larger MSA (58.5%) and statewide area (57.3%). The percentage of area families living below the poverty level in the assessment area (15.1%) is below the family poverty rate in the overall MSA (16.4%), but exceeds the state’s overall poverty rate (13.5%). The 2017 median family income in the equaled \$53,900. The following table includes pertinent demographic data for the Florence, SC assessment area.

Assessment Area Demographics

Florence, SC (Based on 2015 ACS Data and 2017 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	6.1	1,367	3.8	610	44.6	7,967	22.4
Moderate	6	18.2	5,651	15.9	1,438	25.4	5,484	15.4
Middle	15	45.5	17,169	48.2	2,767	16.1	6,977	19.6
Upper	9	27.2	11,423	32.1	562	4.9	15,182	42.6
NA	1	3.0	0	0.0	0	0.0		
Total	33	100.0	35,610	100.0	5,377	15.1	35,610	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	684	2.0	2,220	4.3	975	43.9	12,174	23.5
Moderate	4,876	14.2	8,611	16.6	2,671	31.0	7,937	15.3
Middle	17,151	49.9	24,453	47.2	4,686	19.2	8,635	16.7
Upper	11,635	33.9	16,559	31.9	1,234	7.5	23,101	44.5
NA	0	0.0	4	0.0	0	0.0		
Total	34,346	100.0	51,847	100.0	9,566	18.5	51,847	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	260	5.8	209	5.2	48	10.7	3	7.0
Moderate	884	19.7	789	19.7	83	18.5	12	27.9
Middle	1,855	41.3	1,688	42.2	153	34.1	14	32.6
Upper	1,484	33.0	1,309	32.8	162	36.0	13	30.2
NA	7	0.2	3	0.1	3	0.7	1	2.3
Total	4,490	100.0	3,998	100.0	449	100.0	43	100.0
Percentage of Total Businesses:				89.0		10.0		1.0

*NA-Tracts without household or family income as applicable

Major area employers include Assurant (insurance), Duke Energy Progress, Florence Marion University, Wal-Mart stores, hospitals and health care facilities, local government, and area school systems. Current and recent periodic unemployment rates are included in the following table.

Unemployment Rate Trend			
Geographic Area	Jan 2017	Jan 2018	Jan 2019
Florence County	5.2%	4.6%	3.8%
Florence, SC MSA	5.5%	4.7%	3.9%
South Carolina	5.1%	4.4%	3.6%

Current and recent historical unemployment rates suggest that local economic conditions are not an impediment to area financial institutions meeting community credit needs.

A local economic development official was recently contacted to ascertain local economic conditions and community needs. The contact indicated that the county is experiencing rapid expansion as businesses migrate to the area. The contact also stated that the local area lacks the skilled workforce necessary to supply some of the available job opportunities. The individual indicated that financial institutions are adequately meeting local credit needs.

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

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

Within this assessment area during the evaluation period, the bank originated \$17.5 million in HMDA and \$10.7 million in small business loans. Accordingly, the residential mortgage lending performance is given more weight than the small business lending performance when evaluating overall lending performance.

Lending Activity:

During 2016 and 2017, the bank reported 63 HMDA, 65 small business, and three small farm loans within this assessment area. The bank's lending activity within this assessment area during the evaluation period as measured by number (2.5%) and dollar volume (2.7%) is generally proportional to the percentage of local deposits (1.2%) and bank branches (2%) in the assessment area.

According to 2017 aggregate data, the institution ranked 18th of 159 reporters of mortgage lending with a 1.3% market share and ranked 13th of 52 reporters of CRA loans with a 2.4% market share. When considering the number of loans reported by the bank during 2016 and 2017, the dollar volume of lending in relation to the proportion of deposit accounts within the assessment area, and its market share rankings, the bank's lending activity reflects adequate responsiveness to credit needs within the assessment area.

Geographic Distribution:

FB's geographic distribution is considered very poor for residential mortgage and adequate for small business lending. Overall, the bank's geographic distribution is considered poor.

Distribution of HMDA Loans by Income Level of Census Tract

Florence, SC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(24)				(1,454)			
Low	0	0.0	0	0.0	5	0.3	854	0.4
Moderate	0	0.0	0	0.0	140	9.6	15,911	6.9
Middle	10	41.7	2,233	36.7	666	45.8	94,100	40.6
Upper	14	58.3	3,849	63.3	643	44.2	120,632	52.1
	(5)				(535)			
Low	0	0.0	0	0.0	4	0.7	252	0.3
Moderate	0	0.0	0	0.0	43	8.0	5,365	6.4
Middle	5	100.0	1,033	100.0	235	43.9	34,862	41.3
Upper	0	0.0	0	0.0	253	47.3	43,988	52.1
	(0)				(168)			
Low	0	0.0	0	0.0	1	0.6	10	0.1
Moderate	0	0.0	0	0.0	33	19.6	858	12.3
Middle	0	0.0	0	0.0	72	42.9	2,063	29.5
Upper	0	0.0	0	0.0	62	36.9	4,067	58.1
	(0)				(5)			
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	1	20.0	7,700	79.7
Middle	0	0.0	0	0.0	0	0.0	0	0.0
Upper	0	0.0	0	0.0	4	80.0	1,957	20.3
	HMDA Totals							
Low	0	0.0	0	0.0	10	0.5	1,116	0.3
Moderate	0	0.0	0	0.0	217	10.0	29,834	9.0
Middle	15	51.7	3,266	45.9	973	45.0	131,025	39.4
Upper	14	48.3	3,849	54.1	962	44.5	170,644	51.3
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	29	100.0	7,115	100.0	2,162	100.0	332,619	100.0

NA*-Tracts without household or family income as applicable

According to 2015 ACS data, only 2% of area owner-occupied housing units are located in the two low-income census tracts and 14.2% were located in the moderate-income census tracts within the assessment area. According to aggregate data, only .5% of reported home mortgage loans were originated within the low-income census tracts and 10% were originated within moderate-income census tracts. Together, the demographic and aggregate data indicate that there is limited demand for residential mortgage loans within the two area low-income census tracts. The bank did not originate any mortgage loans within low-income census tracts. Conversely, the demographic and aggregate data indicate that opportunities to make residential mortgage loans exist in the moderate-income census tracts, and FB did not report originating any residential mortgage loans in these census tracts during 2017. Consequently, the bank's performance during 2017 is very poor.

During 2016, the bank originated 34 residential mortgage loans totaling \$10.4 million. Of these loans, none were originated in low-income census tracts, while one (2.9%) loan totaling \$1.6 million (15.4%) was originated in a moderate-income census tract. From a demographic perspective, 1.4% of owner-occupied housing units are located in low-income census tracts, and 15.1% of owner-occupied housing units are located in moderate-income census tracts. In addition, aggregate lenders reported originating .2% of all residential mortgage loans within low-income census tracts and 6.6% in moderate-income census tracts. The bank's lending in both low- and moderate-income census tracts lagged both the demographic and aggregate proxies. The bank's 2016 performance is considered poor.

On a combined basis, the bank’s performance is considered very poor because of the general absence of lending in low- and moderate-income census tracts within the assessment area during a two year period.

Distribution of Small Business Loans by Income Level of Census Tract

Florence, SC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	2	4.9	134	1.9	67	3.9	4,812	6.0
Moderate	1	2.4	175	2.5	293	17.0	10,127	12.7
Middle	6	14.6	2,029	29.3	674	39.2	25,362	31.9
Upper	32	78.1	4,596	66.3	686	39.9	39,325	49.4
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	41	100.0	6,934	100.0	1,720	100.0	79,626	100.0

*NA-Tracts without household or family income as applicable
Loans where the geographic location is unknown are excluded from this table.

The bank’s level of small business lending in low-income census tracts (4.9%) lagged the percentage of businesses in such areas (5.8%) and exceeded the aggregate reporter level (3.9%), while its lending in moderate-income census tracts (2.4%) significantly lagged both the percentage of area businesses in moderate-income census tracts (19.7%) and the aggregate level of lending (17%). The bank’s performance is considered poor.

During 2016, the bank originated 24 small business loans totaling \$3.8 million. Of these loans, the bank did not originate any small business loans within low-income census tracts. Aggregate reporters extended 1.6% of their small business loans in low-income tracts, and 3.3% of businesses were located in such areas. The bank reported originating four loans (16.7%) totaling \$1.3 million (34.3%) in the moderate-income census tracts. The bank’s small business lending in moderate-income census tracts exceeded both the percentage of businesses in such areas (14.2%) and the aggregate lending level (9.9%). The bank’s performance is excellent, in large part, because of the strength of its moderate-income census tract performance.

On a combined basis, the bank’s small business lending performance is considered adequate when considering the volume of lending and strength of performance during each year.

Distribution by Borrower Income and Revenue Size of the Business:

The bank’s borrower distribution performance is considered poor for HMDA lending and adequate for small business lending. Overall, borrower distribution is considered poor because of the larger volume of HMDA lending.

Distribution of HMDA Loans by Income Level of Borrower

Florence, SC (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	0	0.0	0	0.0	108	6.0	6,754	2.5
Moderate	2	7.4	158	2.4	379	21.2	38,302	14.4
Middle	6	22.2	1,049	15.7	466	26.0	58,225	21.8
Upper	19	70.4	5,480	81.9	838	46.8	163,417	61.3
Total	27	100.0	6,687	100.0	1,791	100.0	266,698	100.0
Unknown	2		428		371		65,921	

Percentages (%) are calculated on all loans where incomes are known

The bank’s lack of lending to low-income borrowers (0%) significantly lagged the percentage of area low-income families (22.4%) and the aggregate lending (6%) to such borrowers. Bank lending to moderate-income borrowers (7.4%) also significantly lagged the percentage of area moderate-income families (15.4%) and the aggregate lending level (21.2%). The bank’s performance is considered very poor overall.

During 2016, the bank originated 28 residential mortgage loans totaling \$6.9 million to borrowers, where income level was known. Of these loans, none were extended to low-income borrowers, while 21.8% of area families are low-income and 5.4% of the aggregate reported loans were to low-income borrowers. The bank originated four loans (14.3%) totaling \$604,000 (8.7%) to moderate-income borrowers, which lagged the percentage of moderate-income families (16.9%) but approximated the aggregate lending level (14.8%). The bank’s lending is considered adequate during 2016.

On a combined basis when considering the dollar volume of loans and the relative strength of performance in each year, the overall HMDA lending distribution performance is considered poor.

Distribution of Lending by Loan Amount and Size of Business

Florence, SC (2017)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	11	26.8	2,349	33.9	768	43.4	28,559	35.1
Over \$1 Million	29	70.7	4,485	64.7	NA	NA	NA	NA
Unknown	1	2.5	100	1.4	NA	NA	NA	NA
by Loan Size	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$100,000 or less	27	65.9	1,383	19.9	1,629	92.1	26,435	32.5
\$100,001-\$250,000	7	17.1	1,210	17.5	64	3.6	11,614	14.3
\$250,001-\$1 Million	7	17.0	4,341	62.6	75	4.3	43,268	53.2
Total	41	100.0	6,934	100.0	1,768	100.0	81,317	100.0

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

D&B data from 2017 indicates that 89% of all local businesses have revenues that do not exceed \$1 million per year. Aggregate lending data from 2017 indicate that 43.4% of reported small business loans were to businesses having revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 45.5% were made to businesses having annual revenues of \$1 million or less. The bank’s level of lending to businesses having revenues of \$1 million or less (26.8%) is considered poor.

During 2016, the bank originated 24 small business loans totaling \$3.8 million. D&B data indicated that 90.2% of all local businesses had revenues that did not exceed \$1 million per year. Aggregate lending data from 2016 indicate that 43.8% of reported small business loans were to businesses having revenues of \$1 million or less. After excluding large credit card and other specialty lenders, 49.1% of aggregate lenders reported small business loans were to businesses with annual revenues of \$1 million or less. FB's 2016 level of lending (41.7%) to businesses having revenues of \$1 million or less is considered adequate.

On a combined basis when considering the dollar volume of loans and the relative strength of performance in each year, the overall small business lending distribution performance is considered adequate.

Community Development Lending:

As previously indicated, community development lending opportunities are reasonably available within the Florence, SC assessment area. When considering the bank's capacity, market position, and business strategy, it faces no constraints in extending community development loans within the assessment area.

Specific to this assessment area, the bank originated 14 loans totaling \$18.3 million that benefitted low- and moderate-income people and aided in the revitalization of area low- and moderate-income census tracts. FB is a leader in making community development loans within this assessment area given its market presence and relative capacity.

INVESTMENT TEST

The bank's investment and grant activity represents an adequate level of community development investments and donations within this assessment area, and the bank is rarely in a leadership position. In addition, FB only occasionally makes complex or innovative investments that support community development initiatives. Overall, FB exhibits adequate responsiveness to credit and community development needs through its investing and donation activity in this assessment area.

During the evaluation period, FB made charitable donations totaling \$4,150 that support local organizations that provide community development services within the Florence, SC assessment area. As previously noted, the bank also holds investments that support affordable housing (\$4 million) and small business development (\$2.1 million) within the broader statewide or regional area that also includes this assessment area.

SERVICE TEST

Within the Florence, SC assessment area, the bank's performance under the Service Test is considered poor. While systems for delivering retail banking services are reasonably accessible to all portions of the assessment area, the bank and its employees participated a limited level of community development services within the assessment area during the evaluation period.

Retail Services:

Delivery systems are reasonably accessible within the assessment area. The bank operates two branch offices within this assessment area. Of these branches, none are located in low- or moderate-income census tracts. However, the bank's two branches are located within a close proximity (i.e. within two miles) of the low-income census tracts and half of the moderate-income census tracts in the assessment area. According to recent demographic data, 4.3% and 16.6% of area households are located in low- and moderate-income census tracts, respectively. The bank has neither opened nor closed any branch offices within this assessment area since its previous evaluation.

ATMs are available and, through a network, provide customers with 24-hour nationwide access. Bank-by-mail and bank-by-computer services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices within the Florence, SC assessment area are open from 9:00 a.m. until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

Community Development Services:

Within this assessment area, community development opportunities are reasonably available, and the bank has sufficient capacity to participate in such activities. Within this context, the bank and its employees participated in a limited level of community development service activities that support local organizations. These organizations benefit low- and moderate-income people and/or promote small business development specific to this assessment area.

During the evaluation period, the bank supported the following organizations that specifically benefited the Florence, SC assessment area.

Community Services

- Friends of Florence County Library

Economic Development

- Greater Florence Chamber of Commerce

SOUTH CAROLINA NONMETROPOLITAN AREA

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE CHESTERFIELD, SC NONMSA ASSESSMENT AREA

This assessment area includes all of Chesterfield County, South Carolina. The bank operates one branch within this assessment area. As of June 2018, FB ranked 4th out of seven institutions in deposit market share by having 10.7% of the assessment area's available FDIC insured deposits.

According to ACS data from 2010, the assessment area has a population of 46,734 and a median housing value of \$77,571. The owner-occupancy rate in the assessment area (60%) exceeds the statewide nonmetropolitan rate (56.6%). The percentage of families living below the poverty level in the assessment area (17.6%) approximates the statewide nonmetropolitan rate (17.7%), but substantially exceeds the overall statewide rate (12.3%). During 2016, the median family income of nonmetropolitan areas within South Carolina equaled \$44,200. The following table includes pertinent demographic data about the bank's assessment area.

Assessment Area Demographics

Chesterfield, SC NonMSA <i>(Based on 2010 ACS Data and 2016 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,720	23.3
Moderate	1	10.0	524	4.5	87	16.6	2,018	17.3
Middle	9	90.0	11,143	95.5	1,967	17.7	2,379	20.4
Upper	0	0.0	0	0.0	0	0.0	4,550	39.0
NA	0	0.0	0	0.0	0	0.0		
Total	10	100.0	11,667	100.0	2,054	17.6	11,667	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	4,728	27.4
Moderate	611	4.8	797	4.6	236	29.6	2,690	15.6
Middle	12,080	95.2	16,438	95.4	3,683	22.4	2,872	16.7
Upper	0	0.0	0	0.0	0	0.0	6,945	40.3
NA	0	0.0	0	0.0	0	0.0		
Total	12,691	100.0	17,235	100.0	3,919	22.7	17,235	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	51	4.0	47	4.0	3	3.1	1	4.0
Middle	1,239	96.0	1,121	96.0	94	96.9	24	96.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	1,290	100.0	1,168	100.0	97	100.0	25	100.0
Percentage of Total Businesses:				90.5		7.5		1.9

*NA-Tracts without household or family income as applicable

During 2016, all nine of the middle-income census tracts were classified as distressed because of comparatively high poverty rates according to data published by the FFIEC.

Following the most recent ACS data update, the number of moderate-income census tracts increased from one census tract to two census tracts, and the number of middle-income census tracts decreased from nine to eight census tracts. In addition, the moderate-income census tract in 2016 became a middle-income census tract and two middle-income census tracts became moderate-income census tracts in 2017. More importantly, lending opportunities in moderate-income census tracts increased substantially when considering that 797 households and 51 businesses were located in the moderate-income census tract during 2016 and that 4,206 households and 237 businesses were located in such census tracts during 2017. Based on the updated ACS data, the number of families and households both increased within the assessment area.

According to ACS data from 2015, the assessment area has a population of 46,192 and a median housing value of \$77,566. The owner-occupancy rate in the assessment area (59%) exceeds the statewide nonmetropolitan rate (56.7%). The percentage of families living below the poverty level in the assessment area (21.3%) exceeds the statewide nonmetropolitan rate (18.8%) and the overall statewide rate (13.5%). During 2017, the median family income of nonmetropolitan areas within South Carolina equaled \$45,900. The following table includes pertinent demographic information based on 2015 ACS data.

Assessment Area Demographics

Chesterfield, SC NonMSA								
<i>(Based on 2015 ACS Data and 2017 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	3,445	27.3
Moderate	2	20.0	2,765	21.9	593	21.4	2,136	16.9
Middle	8	80.0	9,876	78.1	2,099	21.3	2,465	19.5
Upper	0	0.0	0	0.0	0	0.0	4,595	36.3
NA	0	0.0	0	0.0	0	0.0		
Total	10	100.0	12,641	100.0	2,692	21.3	12,641	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	5,049	28.0
Moderate	3,053	24.2	4,206	23.3	1,094	26.0	2,955	16.4
Middle	9,547	75.8	13,816	76.7	3,336	24.1	3,113	17.3
Upper	0	0.0	0	0.0	0	0.0	6,905	38.3
NA	0	0.0	0	0.0	0	0.0		
Total	12,600	100.0	18,022	100.0	4,430	24.6	18,022	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	237	20.2	208	19.8	24	25.0	5	20.0
Middle	935	79.8	843	80.2	72	75.0	20	80.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	1,172	100.0	1,051	100.0	96	100.0	25	100.0
Percentage of Total Businesses:				89.7		8.2		2.1

*NA-Tracts without household or family income as applicable

Similar to 2016, all eight of the middle-income census tracts within the assessment area were classified as distressed during 2017 because of comparatively high poverty rates according to data published by the FFIEC.

Major area employers include A. O. Smith (manufacturing), Carolina Cannery (soft drink bottler), Crown Cork and Seal (packing manufacturer), Schaeffler Group (automobile component manufacturing), health care facilities, CHESCO (community services provider), Wal Mart stores, local government, and area schools. Recent area unemployment rate information is included in the following table.

Unemployment Rate Trend			
Geographic Area	Jan 2017	Jan 2018	Jan 2019
Chesterfield County	4.8%	4.2%	3.6%
South Carolina	5.1%	4.4%	3.6%

As indicated in the preceding table, unemployment rates within the assessment area continue to approximate the state’s overall unemployment rates. While area unemployment rates suggest that the local economy is reasonably healthy, previously noted poverty levels within the assessment area are high in relation to the statewide rate and may be an impediment for lending to very low-income people within in the assessment area.

Reviews of the performance evaluations of other financial institutions having a local presence indicate that community development opportunities are somewhat limited within this rural bank assessment area. While opportunities may be limited within the assessment area, the bank faces no significant constraints relative to its size and business strategy in making community development loans or investments. FB has a limited number of employees within its one branch in the assessment area. Consequently, FB’s small number of local employees limits to some degree the number of community development services that it provides in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

FB’s overall lending performance within this assessment area is considered adequate. This conclusion is based primarily on the bank’s lending activity, its geographic and borrower distribution performance, and its level of community development lending, while taking into account the bank’s market strategy, area demographic data, and aggregate loan data.

Within this assessment area during the evaluation period, the bank originated \$3.7 million in HMDA and \$1.4 million small business loans. Accordingly, the residential mortgage lending performance is given more weight when evaluating overall lending performance.

Lending Activity:

During 2016 and 2017, the bank reported 28 HMDA, 21 small business, and one small farm loans within this assessment area. The bank’s lending activity within this assessment area during the evaluation period as measured by the percentage of the dollar volume of lending (.5%) lags the percentage of local deposits (1%) and bank branches (1%) in the assessment area.

According to 2017 aggregate data, FB ranked 6th out of 90 HMDA loan reporters with a market share of 3.3% and ranked 9th out of 32 CRA loan reporters with a 3.7% market share. When considering the number of loans originated by the bank, the dollar volume of lending in relation to the proportion of deposit account dollars within the assessment area, and its market share rankings, the bank’s lending activity is considered adequate within the assessment area.

Geographic Distribution:

The bank’s geographic distribution performance is considered adequate overall for both HMDA and small business lending within the assessment area.

There are no low-income census tracts within the assessment area. As previously noted, the bank’s assessment area includes two moderate-income census tracts during 2017 and only one moderate-income census tract during 2016. Moreover, there are significantly more moderate-income census tract lending opportunities during 2017 than 2016, as there are more than five times the number of households and more than four times the number of businesses in moderate-income census tracts during 2017 than during 2016. Consequently, the bank’s lending performance during 2017 is given more weight when considering the bank’s overall performance during 2016 and 2017.

Distribution of HMDA Loans by Income Level of Census Tract

Chesterfield, S C NonMSA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(13) Home Purchase				(290)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	72	24.8	8,280	26.3
Middle	13	100.0	1,978	100.0	218	75.2	23,222	73.7
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	(1) Refinance				(140)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	30	21.4	3,396	20.0
Middle	1	100.0	95	100.0	110	78.6	13,564	80.0
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	(1) Home Improvement				(30)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	6	20.0	670	31.2
Middle	1	100.0	32	100.0	24	80.0	1,478	68.8
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	(0) Multi-Family				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	0	0.0	0	0.0	0	0.0	0	0.0
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	108	23.5	12,346	24.4
Middle	15	100.0	2,105	100.0	352	76.5	38,264	75.6
Upper	NA	NA	NA	NA	NA	NA	NA	NA
NA *	NA	NA	NA	NA	NA	NA	NA	NA
Total	15	100.0	2,105	100.0	460	100.0	50,610	100.0

NA*-Tracts without household or family income as applicable

During 2017, FB did not originate any residential mortgage loans within the moderate-income census tracts in the assessment area. The bank’s performance is considered very poor, as 24.2% of the assessment area’s owner-occupied housing units and 23.5% of the loans reported by the aggregate lenders were to borrowers in moderate-income census tracts.

FB's performance was better during 2016 than its performance in 2017. During 2016, FB originated 13 HMDA loans totaling \$1.6 million. Of these loans, two (15.4%) totaling \$501,000 (30.7%) were to borrowers in the moderate-income census tract. The bank's performance is excellent when considering that 4.8% of the assessment area owner-occupied housing units and 3.5% of the aggregate reported loans were to borrowers in moderate-income census tracts.

FB's performance during 2016 and 2017 is considered adequate overall. As previously noted, this conclusion reflects greater weight placed on the bank's performance during 2017 because there were more moderate-income census tract lending opportunities than during 2016.

Distribution of Small Business Loans by Income Level of Census Tract

Chesterfield, S C NonMSA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	2	16.7	126	17.2	66	21.3	2,245	19.4
Middle	10	83.3	607	82.8	244	78.7	9,328	80.6
Upper	NA	NA	NA	NA	NA	NA	NA	NA
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	12	100.0	733	100.0	310	100.0	11,573	100.0

*NA-Tracts without household or family income as applicable
Loans where the geographic location is unknown are excluded from this table.

While FB's small business lending in moderate-income census tracts (16.7%) lagged the percentage of businesses located in moderate-income census tracts (20.2%) and the percentage of such loans originated by the aggregate lenders (21.3%), the bank's performance is, nonetheless, considered adequate during 2017.

During 2016, FB originated nine small business loans totaling \$703,000 in this assessment area, and none (0%) were in the moderate-income census tract. Data from 2016 indicates that moderate-income small business lending opportunities were somewhat limited with only 4% of businesses located in moderate-income census tracts and 2.7% of the aggregate reported small business loans originated in such areas. While moderate-income lending opportunities were somewhat limited, the bank's lack of lending in moderate-income census tracts is nonetheless considered very poor.

On a combined basis, the bank's performance during 2016 and 2017 is considered adequate overall. More weight was placed on the bank's 2017 performance because there were more moderate-income census tract lending opportunities within the assessment area than during 2016.

Distribution by Borrower Income and Revenue Size of the Business:

The bank's borrower distribution performance is considered good for its residential mortgage lending and excellent for its small business lending within the assessment area. Overall, FB's borrower distribution performance is considered good. In reaching this conclusion, more weight was placed on the bank's residential mortgage lending performance because of the larger dollar volume of such lending within the assessment area.

Distribution of HMDA Loans by Income Level of Borrower

Chesterfield, SC NonMSA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	0	0.0	0	0.0	20	5.1	1,051	2.6
Moderate	3	21.4	347	16.7	78	20.1	6,090	14.8
Middle	3	21.4	357	17.2	116	29.8	10,257	25.0
Upper	8	57.2	1,369	66.1	175	45.0	23,622	57.6
Total	14	100.0	2,073	100.0	389	100.0	41,020	100.0
Unknown	1		32		71		9,590	

Percentages (%) are calculated on all loans where incomes are known

During 2017, FB did not extend any reportable residential mortgage loans to low-income borrowers within the assessment area. With 27.3% of area families being low-income, the demographic data suggests that there is demand for residential mortgage loans from low-income people. However, as previously noted, the assessment area’s family poverty rate is high in relation to the statewide rate and may affect the demand for residential mortgage loan credit from low-income borrowers. With only 5.1% of the aggregate reported residential mortgage loans extended to low-income borrowers, the aggregate data indicates that the demand for residential mortgage loans is much less than the percentage of low-income area families. FB’s moderate-income census tract lending (21.4%) exceeded the percentage of area moderate-income families (16.9%) and approximated the aggregate lending percentage (20.1%). FB’s performance during 2017 is considered adequate.

During 2016, the bank reported extending 12 residential mortgage loans totaling \$1.5 million for which borrower incomes were known. Of these loans, one loan (8.3%) totaling \$40,000 (2.6%) and three loans (25%) totaling \$148,000 (9.8%) were to low- and moderate-income borrowers, respectively. The bank’s percentage of lending to low-income borrowers lagged the percentage of low-income families (23.3%) but exceeded the percentage of loans reported by the aggregate lenders to such borrowers (6.4%). The bank’s percentage of lending to moderate-income borrowers exceeded the percentage of such families (17.3%) and aggregate lending (17.3%) to moderate-income borrowers in the assessment area. FB’s performance during 2016 is considered excellent.

The bank’s overall borrower distribution performance is considered good during 2016 and 2017 combined. In reaching this conclusion, consideration was given to the performance levels combined with the dollar volume of lending during each year.

Distribution of Lending by Loan Amount and Size of Business

Chesterfield, SC NonMSA (2017)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	10	83.3	596	81.3	173	53.9	5,137	43.6
Over \$1 Million	2	16.7	137	18.7	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	10	83.3	437	59.6	301	93.8	5,485	46.6
\$100,001-\$250,000	2	16.7	296	40.4	11	3.4	2,050	17.4
\$250,001-\$1 Million	0	0.0	0	0.0	9	2.8	4,244	36.0
Total	12	100.0	733	100.0	321	100.0	11,779	100.0

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

D&B data indicates that 89.7% of all area businesses during 2017 had revenues of \$1 million or less. However, the aggregate data reflects a smaller percentage of loans to businesses with revenues of \$1 million or less. According to aggregate data from 2017, 53.9% of all reported small business loans were to businesses with revenues of \$1 million or less. The remaining small business loans were extended to businesses with revenues exceeding \$1 million per year or revenues were unknown. As an element of performance context, the aggregate data was also considered without including a small number of high volume reporters that tend to have specialized or limited small business loan products. After excluding these small dollar, high volume lenders, 60.6% of the reported aggregate small business loans were to businesses with annual revenues of \$1 million or less. With 83.3% of FB's small business loans extended to businesses having annual revenues of \$1 million or less, its performance is considered excellent, and its performance during 2016 is similar.

Community Development Lending:

The bank's assessment area is predominately rural and lacks a robust, well-developed community development infrastructure. Accordingly, community development opportunities are somewhat limited in the assessment area when compared to other more urban markets. While community development opportunities are limited, the bank faces no meaningful constraints based on its capacity, market position, or business strategy in extending community development loans within the assessment area.

Specific to this assessment area, the bank originated one community development loan during the evaluation period totaling \$4.7 million. The loan was extended to a borrower that primarily serves low- and moderate-income people within the assessment area. When considering the limited opportunities, bank presence, and impact of the size of its community development loan during the evaluation period, the bank extended a relatively high level of community development loans within the assessment area.

INVESTMENT TEST

The bank's investment and grant activity represents an adequate level of community development investments and donations within this assessment area, and the bank is rarely in a leadership position. In addition, FB only occasionally makes complex or innovative investments that support community development initiatives. Overall, FB exhibits adequate responsiveness to credit and community development needs through its investing and donation activity in this assessment area.

As of the date of the evaluation, FB held two qualified community development bonds totaling \$1 million that specifically benefited the Chesterfield, SC NonMSA assessment area. In addition, the bank also made charitable donations totaling \$7,000 that support local organizations that provide community development services within the assessment area. As previously noted, the bank also holds investments that support affordable housing (\$4 million) and small business development (\$2.1 million) within the broader statewide or regional area that also includes this assessment area.

SERVICE TEST

Within the Chesterfield, SC NonMSA assessment area, FB's Service Test performance is good. Banking delivery systems are reasonably accessible to people and areas of different income levels in the assessment area. Banking services and business hours do not vary in a way that is inconvenient for the assessment area, particularly low- and moderate-income people and census tracts. Additionally, the bank provided a relatively high level of community development services within the assessment area when considering the bank's small presence (i.e. one branch office).

Retail Services:

Delivery systems are reasonably accessible within the assessment area. FB operates one branch within the assessment area, and it is located in a distressed middle-income census tract. According to recent demographic data, 23.3% of area households are located in moderate-income census tracts. There are no low-income census tracts within the assessment area. The bank's branch is located within five miles of a portion of one of the moderate-income census tracts and more than 20 miles from the other moderate-income census tract. The bank neither opened nor closed any branch offices in this assessment area since its previous evaluation.

ATMs are available and, through a network, provide customers with 24-hour nationwide access. Bank-by-mail, telephone, and online banking services are also offered by the institution. The bank's branch office in the Chesterfield, SC NonMSA assessment area is open from 9:00 a.m. until 5:00 p.m. Monday through Thursday and until 6 p.m. on Fridays. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or areas within the assessment area.

Community Development Services:

As previously noted, community development opportunities are somewhat limited within this assessment area. While the bank has sufficient capacity to participate in community development activities, the bank operates one branch in the assessment area and, consequently, has a limited number of employees within the assessment area available to participate in community development activities. Within this context, the bank and its employees participated in a relatively high level of community development service activities that support local community development organizations.

During the evaluation period, the bank supported or participated in the following community development service activities in the Chesterfield, SC NonMSA assessment area.

Community Services

- McArn Food Bank
- Long Middle School Improvement Council

In addition, FB employees utilized the ABA's Teach Children to Save program to promote financial literacy. During the evaluation period, bank employees taught four Teach Children to Save classes targeted to area schools where a majority of students come from low- or moderate-income families.

NON-METROPOLITAN STATEWIDE AREA

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

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NONMETROPOLITAN STATEWIDE ASSESSMENT AREA

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

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

Assessment Area	Lending Test	Investment Test	Service Test
Dillon, SC NonMSA	Consistent	Exceeded	Exceeded

CRA APPENDIX A
SCOPE OF EXAMINATION

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED²	OTHER INFORMATION
Asheville-Brevard, NC	Full Scope	10 South Tunnel Road Asheville, NC 28805	Assessment area expanded in 2017
Beaufort County, NC NonMSA	Limited Scope	None	
Burlington, NC MSA	Limited Scope	None	New assessment area delineation in 2017
Carteret County, NC NonMSA	Limited Scope	None	
Charlotte-Concord-Gastonia, NC	Full Scope	1525 Jake Alexander Blvd S Salisbury, NC 28146	Assessment area expanded in 2016
Dare County, NC NonMSA	Limited Scope	None	
Duplin County, NC NonMSA	Limited Scope	None	
Fayetteville, NC	Limited Scope	None	
Greensboro-Winston Salem- High Point, NC	Full Scope	201 Kennedy Rd Thomasville, NC 27360	Assessment area expanded in 2016
Greenville, NC MSA	Limited Scope	None	New assessment area delineation in 2016
Jacksonville, NC MSA	Limited Scope	None	
McDowell County, NC NonMSA	Limited Scope	None	New assessment area delineation in 2017
Myrtle Beach-Conway-N. Myrtle Beach, NC	Full Scope	10 Waterford Business Way Belville, NC 28451	
Pinehurst-Southern Pines- Lumberton, NC NonMSA	Full Scope	Montgomery Square 1040 Albemarle Rd. Troy, NC 27371	Small farm lending is concentrated in this assessment area
Raleigh-Durham-Chapel Hill, NC	Limited Scope	None	
Wilmington, NC	Full Scope	8286 Market St Wilmington, NC 28411	
Chesterfield County, SC NonMSA	Full Scope	None	
Dillon, SC NonMSA	Limited Scope	None	
Florence, SC	Full Scope	2170 W Evans St Florence, SC 29501	

² There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.

CRA APPENDIX B

Summary of State Ratings

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

CRA APPENDIX C

LIMITED REVIEW TABLES

Beaufort, NC NonMSA Assessment Area

This assessment area includes all of Beaufort County, North Carolina. There are no low-, one moderate-, six middle-, and four upper-income census tracts in the assessment area. The bank operates two branches within the assessment area.

Performance Test Data for Beaufort County, NC NonMSA Assessment Area

LENDING TEST

Limited Review Lending Table

Beaufort, NC NonMSA (2017)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(49)				(3)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	7.0	6.2	0	0.0	4.5	6.2
Middle	27	55.1	39.8	51.1	2	66.7	43.2	51.1
Upper	22	44.9	53.2	42.8	1	33.3	52.3	42.8
	Refinance				Multi-Family			
<i>Geographic</i>	(8)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	12.5	7.7	6.2	0	0.0	0.0	6.2
Middle	4	50.0	43.6	51.1	0	0.0	0.0	51.1
Upper	3	37.5	48.7	42.8	0	0.0	0.0	42.8
	HMDA Totals				Consumer			
<i>Geographic</i>	(60)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	1.7	7.1	6.2	NA	NA	NA	NA
Middle	33	55.0	41.3	51.1	NA	NA	NA	NA
Upper	26	43.3	51.6	42.8	NA	NA	NA	NA
<i>Borrower</i>	(59)				(NA)			
Low	1	1.7	4.0	17.4	NA	NA	NA	NA
Moderate	3	5.1	14.3	16.4	NA	NA	NA	NA
Middle	12	20.3	21.7	20.7	NA	NA	NA	NA
Upper	43	72.9	60.0	45.5	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(29)				(13)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	7	24.1	18.2	20.3	5	38.5	1.2	2.6
Middle	18	62.1	54.8	52.1	8	61.5	71.4	68.9
Upper	4	13.8	27.1	27.6	0	0.0	27.4	28.5
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	17	58.6	41.6	90.8	2	15.4	39.8	94.7

Geographic () represents the total number of bank loans for the specific Loan Purpose where geography is known
Borrower () represents the total number of bank loans for the specific Loan Purpose where income is known
 NA represents no activity in the income category

The bank originated two community development loans totaling \$1.3 million during the evaluation period.

INVESTMENT TEST

Investments benefiting this assessment area are limited to those previously discussed that benefit statewide and/or multistate areas. Additionally, the bank made charitable donations totaling \$3,050 that support community development activities within the assessment area.

SERVICE TEST

The bank operates two branches within this assessment area, of which both are located in middle-income census tracts. One branch was opened and no branch offices have been closed since the bank's previous evaluation. Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. The bank participated in 11 community development service activities that specifically benefitted this assessment area.

Burlington, NC MSA Assessment Area

This assessment area includes all of Alamance County, North Carolina. There are no low-, nine moderate-, 17 middle-, and 10 upper-income census tracts in the assessment area. The bank operates one branch within the assessment area.

Performance Test Data for Burlington, NC MSA Assessment Area

LENDING TEST

Limited Review Lending Table

Burlington, NC MSA (2017)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(211)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	28	13.3	20.7	22.9	0	0.0	23.1	22.9
Middle	95	45.0	50.8	47.8	0	0.0	50.8	47.8
Upper	88	41.7	28.5	29.3	0	0.0	26.2	29.3
	Refinance				Multi-Family			
<i>Geographic</i>	(25)				(1)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	12.0	18.5	22.9	0	0.0	50.0	22.9
Middle	12	48.0	50.8	47.8	0	0.0	33.3	47.8
Upper	10	40.0	30.7	29.3	1	100.0	16.7	29.3
	HMDA Totals				Consumer			
<i>Geographic</i>	(237)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	31	13.1	20.2	22.9	NA	NA	NA	NA
Middle	107	45.1	50.8	47.8	NA	NA	NA	NA
Upper	99	41.8	29.0	29.3	NA	NA	NA	NA
<i>Borrower</i>	(235)				(NA)			
Low	10	4.3	5.1	21.8	NA	NA	NA	NA
Moderate	47	20.0	19.2	17.8	NA	NA	NA	NA
Middle	53	22.6	27.2	18.3	NA	NA	NA	NA
Upper	125	53.2	48.5	42.1	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(5)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	20.0	22.8	26.7	0	0.0	8.7	9.6
Middle	1	20.0	48.8	46.6	0	0.0	43.5	50.0
Upper	3	60.0	28.4	26.8	0	0.0	47.8	40.4
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	3	60.0	49.3	88.7	0	0.0	28.3	100.0

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

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

NA represents no activity in the income category

The bank originated three community development loans totaling \$46.8 million during the evaluation period that support affordable housing within the assessment area.

INVESTMENT TEST

The bank maintains an affordable housing investment of \$55,429 that specifically benefitted this assessment area. In addition, the bank made charitable contributions totaling \$13,000 to organizations that support small business development, community services and affordable housing within the assessment area.

SERVICE TEST

The bank operates one branch within this assessment area located in an upper-income census tract. Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. The bank participated in eight community development service activities that specifically benefitted this assessment area.

Carteret, NC NonMSA Assessment Area

This assessment area includes all of Carteret County, North Carolina. There are no low-, three moderate-, 15 middle-, and 18 upper-income census tracts in the assessment area. In addition, there are three census tracts that do not have an income designation. The bank operates two branches within the assessment area.

Performance Test Data for Carteret, NC NonMSA Assessment Area

LENDING TEST

Limited Review Lending Table

Carteret, NC NonMSA (2017)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(19)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	15.8	5.4	5.2	0	0.0	3.7	5.2
Middle	5	26.3	31.5	45.6	0	0.0	53.1	45.6
Upper	11	57.9	63.1	49.3	0	0.0	43.2	49.3
	Refinance				Multi-Family			
<i>Geographic</i>	(5)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	5.0	5.2	0	0.0	40.0	5.2
Middle	2	40.0	37.7	45.6	0	0.0	0.0	45.6
Upper	3	60.0	57.3	49.3	0	0.0	60.0	49.3
	HMDA Totals				Consumer			
<i>Geographic</i>	(24)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	12.5	5.3	5.2	NA	NA	NA	NA
Middle	7	29.2	34.0	45.6	NA	NA	NA	NA
Upper	14	58.3	60.7	49.3	NA	NA	NA	NA
<i>Borrower</i>	(22)				(NA)			
Low	0	0.0	1.6	16.7	NA	NA	NA	NA
Moderate	1	4.5	6.0	13.6	NA	NA	NA	NA
Middle	2	9.1	16.9	17.0	NA	NA	NA	NA
Upper	19	86.4	75.4	52.7	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(21)				(4)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	2	9.5	14.0	17.8	0	0.0	10.5	9.5
Middle	8	38.1	33.8	33.8	2	50.0	63.2	45.2
Upper	11	52.4	52.2	48.4	2	50.0	26.3	45.2
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	12	57.1	53.3	91.2	1	25.0	57.9	97.6

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

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

NA represents no activity in the income category

The bank originated three community development loans totaling \$1.3 million during the evaluation period.

INVESTMENT TEST

Investments benefiting this assessment area are limited to those previously discussed that benefit statewide and/or multistate areas.

SERVICE TEST

The bank operates two branches within this assessment area located in upper-income census tracts. No branch offices have been opened or closed in this assessment area since the bank's previous evaluation. Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. The bank participated in two community development service activities that specifically benefitted this assessment area.

Dare, NC NonMSA Assessment Area

This assessment area includes all of Dare County, North Carolina. The assessment area includes no low-, no moderate-, two middle-, and seven upper-income census tracts. In addition, there are two census tracts that do not have an income designation. The bank operates one branch within the assessment area.

Performance Test Data for Dare, NC NonMSA Assessment Area

LENDING TEST

Limited Review Lending Table

Dare County, NC NonMSA (2017)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(4)				(1)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	18.5	17.4	0	0.0	12.2	17.4
Upper	4	100.0	81.5	82.6	1	100.0	87.8	82.6
	Refinance				Multi-Family			
<i>Geographic</i>	(3)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	15.4	17.4	0	0.0	0.0	17.4
Upper	3	100.0	84.6	82.6	0	0.0	100.0	82.6
	HMDA Totals				Consumer			
<i>Geographic</i>	(8)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	17.4	17.4	NA	NA	NA	NA
Upper	8	100.0	82.6	82.6	NA	NA	NA	NA
<i>Borrower</i>	(8)				(NA)			
Low	1	12.5	1.5	9.4	NA	NA	NA	NA
Moderate	0	0.0	3.2	13.6	NA	NA	NA	NA
Middle	2	25.0	14.3	20.1	NA	NA	NA	NA
Upper	5	62.5	81.0	56.9	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(14)				(3)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	11.8	10.6	0	0.0	20.0	20.0
Upper	14	100.0	88.2	89.4	3	100.0	80.0	80.0
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	6	42.9	50.8	91.8	2	66.7	62.5	100.0

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

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

NA represents no activity in the income category

No community development loans were originated within this assessment area during the review period.

INVESTMENT TEST

Investments benefiting this assessment area are limited to those previously discussed that benefit statewide and/or multistate areas. Additionally, the bank made charitable donations totaling \$1,300 that support community development activities within the assessment area.

SERVICE TEST

The bank operates one branch within this assessment area located in an upper-income census tract. No branch office has been opened or closed in this assessment area since the bank's previous evaluation. Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. The bank did not participate in any community development service activities within this assessment during the evaluation period.

Duplin, NC NonMSA Assessment Area

This assessment area includes all of Duplin County, South Carolina. This market contains no low-, four moderate-, seven middle-, and no upper-income census tracts. The bank operates three branches within the assessment area.

Performance Test Data for Duplin, NC NonMSA Assessment Area

LENDING TEST

Limited Review Lending Table

Duplin, NC NonMSA (2017)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(7)				(2)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	28.4	34.1	0	0.0	34.3	34.1
Middle	7	100.0	71.6	65.9	2	100.0	65.7	65.9
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	Refinance				Multi-Family			
<i>Geographic</i>	(3)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	27.5	34.1	0	0.0	0.0	34.1
Middle	3	100.0	72.5	65.9	0	0.0	0.0	65.9
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	HMDA Totals				Consumer			
<i>Geographic</i>	(12)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	28.5	34.1	NA	NA	NA	NA
Middle	12	100.0	71.5	65.9	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Borrower</i>	(12)				(NA)			
Low	1	8.3	6.9	23.7	NA	NA	NA	NA
Moderate	0	0.0	18.5	20.4	NA	NA	NA	NA
Middle	4	33.3	23.2	19.9	NA	NA	NA	NA
Upper	7	58.3	51.4	36.0	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(15)				(11)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	5	33.3	37.0	31.0	7	63.6	37.8	38.5
Middle	10	66.7	63.0	69.0	4	36.4	62.2	61.5
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	9	60.0	50.7	90.4	6	54.5	45.9	96.2

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

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

NA represents no activity in the income category

The bank originated two community development loans totaling \$515,736 during the evaluation period.

INVESTMENT TEST

Investments benefiting this assessment area are limited to those previously discussed that benefit statewide and/or multistate areas. Additionally, the bank made charitable donations totaling \$11,675 that support community development activities within the assessment area.

SERVICE TEST

The bank operates three branches within this assessment area, and one (33.3%) is located in a moderate-income census tract. No branch offices have been opened or closed in this assessment area since the bank's previous evaluation. Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. The bank participated in five community development service activities that specifically benefitted this assessment area during the evaluation period.

Fayetteville, NC Assessment Area

This assessment area includes all of Cumberland County, North Carolina. The assessment area includes one low-, 16 moderate-, 38 middle-, and nine upper-income census tracts. In addition, there are four census tracts that do not have an income designation. The bank operates one branch within the assessment area.

Performance Test Data for Fayetteville, NC Assessment Area

LENDING TEST

Limited Review Lending Table

Fayetteville, NC (2017)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(4)				(0)			
Low	0	0.0	0.0	0.4	0	0.0	0.7	0.4
Moderate	0	0.0	7.3	10.1	0	0.0	7.8	10.1
Middle	3	75.0	62.5	64.9	0	0.0	63.8	64.9
Upper	1	25.0	30.2	24.6	0	0.0	27.7	24.6
	Refinance				Multi-Family			
<i>Geographic</i>	(4)				(0)			
Low	0	0.0	0.0	0.4	0	0.0	0.0	0.4
Moderate	0	0.0	7.7	10.1	0	0.0	33.3	10.1
Middle	4	100.0	65.7	64.9	0	0.0	60.0	64.9
Upper	0	0.0	26.6	24.6	0	0.0	6.7	24.6
	HMDA Totals				Consumer			
<i>Geographic</i>	(8)				(NA)			
Low	0	0.0	0.0	0.4	NA	NA	NA	NA
Moderate	0	0.0	7.5	10.1	NA	NA	NA	NA
Middle	7	87.5	63.5	64.9	NA	NA	NA	NA
Upper	1	12.5	28.9	24.6	NA	NA	NA	NA
<i>Borrower</i>	(7)				(NA)			
Low	0	0.0	3.6	21.3	NA	NA	NA	NA
Moderate	0	0.0	14.2	17.5	NA	NA	NA	NA
Middle	1	14.3	28.7	19.9	NA	NA	NA	NA
Upper	6	85.7	53.4	41.3	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(18)				(2)			
Low	0	0.0	2.1	1.9	0	0.0	7.9	0.0
Moderate	4	22.2	17.2	19.7	1	50.0	0.0	5.4
Middle	11	61.1	56.1	58.4	1	50.0	63.2	58.1
Upper	3	16.7	24.6	19.9	0	0.0	28.9	36.4
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	10	55.6	52.6	92.1	0	0.0	55.3	97.7

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

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

NA represents no activity in the income category

The bank originated three community development loans totaling \$1.4 million during the evaluation period.

INVESTMENT TEST

The bank maintains two affordable housing investments totaling \$555,429 that specifically benefitted this assessment area. Additionally, the bank made charitable donations totaling \$350 that support community development activities within the assessment area.

SERVICE TEST

The bank operates one branch within this assessment area located in a middle-income census tract. No branch offices have been opened or closed in this assessment area since the bank's previous evaluation. Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. The bank participated in three community development service activities that specifically benefitted this assessment area.

Greenville, NC MSA Assessment Area

This assessment area includes all of Pitt County, North Carolina, which represents the entire MSA. The assessment area includes four low-, eight moderate-, 11 middle-, and nine upper-income census tracts. The bank operates one branch within the assessment area.

Performance Test Data for Greenville, NC MSA Assessment Area

LENDING TEST

Limited Review Lending Table

Greenville, NC (2017)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(41)				(0)			
Low	7	17.1	6.9	4.5	0	0.0	6.6	4.5
Moderate	2	4.9	10.4	19.5	0	0.0	9.9	19.5
Middle	13	31.7	46.8	40.3	0	0.0	35.2	40.3
Upper	19	46.3	35.8	35.7	0	0.0	48.4	35.7
	Refinance				Multi-Family			
<i>Geographic</i>	(4)				(2)			
Low	2	50.0	6.5	4.5	1	50.0	15.4	4.5
Moderate	1	25.0	11.2	19.5	1	50.0	23.1	19.5
Middle	0	0.0	39.5	40.3	0	0.0	38.5	40.3
Upper	1	25.0	42.9	35.7	0	0.0	23.1	35.7
	HMDA Totals				Consumer			
<i>Geographic</i>	(47)				(NA)			
Low	10	21.3	6.9	4.5	NA	NA	NA	NA
Moderate	4	8.5	10.6	19.5	NA	NA	NA	NA
Middle	13	27.7	44.7	40.3	NA	NA	NA	NA
Upper	20	42.6	37.9	35.7	NA	NA	NA	NA
<i>Borrower</i>	(33)				(NA)			
Low	2	6.1	3.4	24.2	NA	NA	NA	NA
Moderate	1	3.0	16.4	16.2	NA	NA	NA	NA
Middle	8	24.2	24.3	17.5	NA	NA	NA	NA
Upper	22	66.7	55.9	42.1	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(34)				(5)			
Low	4	11.8	13.9	16.0	0	0.0	0.0	1.2
Moderate	8	23.5	15.1	16.5	0	0.0	24.2	20.8
Middle	16	47.1	39.0	36.9	3	60.0	34.8	48.2
Upper	6	17.6	31.9	30.6	2	40.0	40.9	29.8
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	20	58.8	44.7	89.5	5	100.0	50.0	94.0

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

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

NA represents no activity in the income category

The bank originated five community development loans totaling \$2.1 million during the evaluation period.

INVESTMENT TEST

Investments benefiting this assessment area are limited to those previously discussed that benefit statewide and/or multistate areas. Additionally, the bank made charitable donations totaling \$500 that support community development activities within the assessment area.

SERVICE TEST

The bank operates one branch within this assessment area located in a middle-income census tract. Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. The bank participated in six community development service activities that specifically benefitted this assessment area.

Jacksonville, NC MSA Assessment Area

This assessment area includes all of Onslow County, North Carolina, which represents the entire MSA. The assessment area includes no low-, six moderate-, 18 middle-, and five upper-income census tracts. In addition, there are three census tracts that do not have an income designation. The bank operates two branches within the assessment area.

Performance Test Data for Jacksonville, NC MSA Assessment Area

LENDING TEST

Limited Review Lending Table

Jacksonville, NC MSA (2017)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(25)				(1)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	4.0	2.4	3.8	0	0.0	1.9	3.8
Middle	16	64.0	80.1	76.3	1	100.0	79.0	76.3
Upper	8	32.0	17.5	19.9	0	0.0	19.1	19.9
	Refinance				Multi-Family			
<i>Geographic</i>	(9)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	3.3	3.8	0	0.0	0.0	3.8
Middle	4	44.4	77.5	76.3	0	0.0	100.0	76.3
Upper	5	55.6	19.2	19.9	0	0.0	0.0	19.9
	HMDA Totals				Consumer			
<i>Geographic</i>	(35)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	2.9	2.5	3.8	NA	NA	NA	NA
Middle	21	60.0	79.5	76.3	NA	NA	NA	NA
Upper	13	37.1	17.9	19.9	NA	NA	NA	NA
<i>Borrower</i>	(25)				(NA)			
Low	1	4.0	3.0	18.3	NA	NA	NA	NA
Moderate	0	0.0	19.5	18.6	NA	NA	NA	NA
Middle	6	24.0	35.5	23.9	NA	NA	NA	NA
Upper	18	72.0	42.0	39.3	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(12)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	2	16.7	11.4	12.6	0	0.0	2.9	2.1
Middle	7	58.3	68.1	67.0	0	0.0	82.4	87.6
Upper	3	25.0	20.5	20.1	0	0.0	14.7	10.3
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	9	75.0	49.7	92.4	0	0.0	47.1	90.7

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

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

NA represents no activity in the income category

The bank originated one community development loan totaling \$1.9 million during the evaluation period that supports economic development through job creation within the assessment area.

INVESTMENT TEST

The bank maintains an affordable housing investment of \$55,429 that specifically benefitted this assessment area.

SERVICE TEST

The bank operates two branches within this assessment area located in middle-income census tracts. No branch offices have been opened or closed in this assessment area since the bank's previous evaluation. Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. The bank participated in six community development service activities that specifically benefitted this assessment area.

McDowell, NC NonMSA Assessment Area

This assessment area includes all of McDowell County, North Carolina, and includes no low-, one moderate-, nine middle-, and no upper-income census tracts. The bank operates one branch within the assessment area.

Performance Test Data for McDowell, NC NonMSA Assessment Area

LENDING TEST

Limited Review Lending Table

McDowell, NC NonMSA (2017)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(32)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	9.4	5.7	4.2	0	0.0	2.5	4.2
Middle	29	90.6	94.3	95.8	0	0.0	97.5	95.8
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	Refinance				Multi-Family			
<i>Geographic</i>	(17)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	4.1	4.2	0	0.0	0.0	4.2
Middle	17	100.0	95.9	95.8	0	0.0	0.0	95.8
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	HMDA Totals				Consumer			
<i>Geographic</i>	(49)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	6.1	5.0	4.2	NA	NA	NA	NA
Middle	46	93.9	95.0	95.8	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Borrower</i>	(48)				(NA)			
Low	2	4.2	4.0	21.3	NA	NA	NA	NA
Moderate	8	16.7	18.3	21.0	NA	NA	NA	NA
Middle	10	20.8	27.0	22.0	NA	NA	NA	NA
Upper	28	58.3	50.7	35.7	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(11)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	18.5	7.2	0	0.0	7.8	0.0
Middle	11	100.0	38.7	92.8	0	0.0	50.0	100.0
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	9	81.8	48.0	89.7	0	0.0	41.9	100.0

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

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

NA represents no activity in the income category

No community development loans were originated within this assessment area during the review period.

INVESTMENT TEST

Investments benefiting this assessment area are limited to those previously discussed that benefit statewide and/or multistate areas.

SERVICE TEST

The bank operates one branch within this assessment area located in a middle-income census tract. Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. The bank did not participate in any community development service activities that specifically benefitted this assessment area.

Raleigh-Durham-Chapel Hill, NC Assessment Area

This assessment area includes all of the counties of Chatham and Wake, North Carolina. The assessment area, which is a portion of the MSA, includes 13 low-, 39 moderate-, 62 middle-, and 83 upper-income census tracts. In addition, there are three census tracts that do not have an income designation. The bank operates five branches within the assessment area.

Performance Test Data for Raleigh-Durham-Chapel Hill, NC Assessment Area

LENDING TEST

Limited Review Lending Table

Raleigh-Durham-Chapel Hill, NC (2017)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(39)				(5)			
Low	1	2.6	2.2	2.2	0	0.0	2.1	2.2
Moderate	8	20.5	18.0	19.0	1	20.0	18.7	19.0
Middle	20	51.3	37.2	35.5	1	20.0	33.6	35.5
Upper	10	25.6	42.6	43.3	3	60.0	45.7	43.3
	Refinance				Multi-Family			
<i>Geographic</i>	(15)				(1)			
Low	0	0.0	2.1	2.2	0	0.0	28.3	2.2
Moderate	2	13.3	19.1	19.0	1	100.0	20.8	19.0
Middle	8	53.3	35.5	35.5	0	0.0	32.1	35.5
Upper	5	33.3	43.3	43.3	0	0.0	18.9	43.3
	HMDA Totals				Consumer			
<i>Geographic</i>	(60)				(91)			
Low	1	1.7	2.2	2.2	0	0.0	NA	5.5
Moderate	12	20.0	18.3	19.0	0	0.0	NA	22.4
Middle	29	48.3	36.6	35.5	91	100.0	NA	34.1
Upper	18	30.0	42.9	43.3	0	0.0	NA	38.0
<i>Borrower</i>	(53)				(91)			
Low	4	7.5	6.9	20.0	27	29.7	NA	21.2
Moderate	8	15.1	18.7	16.3	25	27.5	NA	16.3
Middle	9	17.0	24.6	18.9	18	19.8	NA	17.8
Upper	32	60.4	49.7	44.8	21	23.1	NA	44.7
	Small Business				Small Farm			
<i>Geographic</i>	(60)				(7)			
Low	1	1.7	4.1	4.0	0	0.0	4.0	3.7
Moderate	11	18.3	17.3	18.9	1	14.3	16.8	18.1
Middle	35	58.3	32.8	32.9	6	85.7	49.6	47.8
Upper	13	21.7	45.8	44.1	0	0.0	29.6	30.4
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	36	60.0	54.4	90.7	5	71.4	43.0	98.5

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

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

NA represents no activity in the income category

The bank originated 13 community development loans totaling \$104.9 million during the evaluation period.

INVESTMENT TEST

The bank maintains three affordable housing investments totaling \$505,429 that specifically benefitted this assessment area. Additionally, the bank made charitable donations totaling \$1,200 that support community development activities within the assessment area.

SERVICE TEST

The bank operates five branches within this assessment area, and one (20%) is located in a moderate-income census tract. One of the branches was opened during the evaluation period and is located in middle-income census tract. Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. The bank participated in one community development service activity that specifically benefitted this assessment area.

Dillon, SC NonMSA Assessment Area

This assessment area includes all of Dillon County, South Carolina. This market contains no low-, three moderate-, three middle-, and no upper-income census tracts. The bank operates three branches within the assessment area.

Performance Test Data for Dillon, SC NonMSA Assessment Area

LENDING TEST

Limited Review Lending Table

Dillon, SC NonMSA (2017)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(0)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	53.2	56.0	0	0.0	55.6	56.0
Middle	0	0.0	46.8	44.0	0	0.0	44.4	44.0
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	Refinance				Multi-Family			
<i>Geographic</i>	(2)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	50.9	56.0	0	0.0	0.0	56.0
Middle	2	100.0	49.1	44.0	0	0.0	0.0	44.0
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	HMDA Totals				Consumer			
<i>Geographic</i>	(2)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	52.6	56.0	NA	NA	NA	NA
Middle	2	100.0	47.4	44.0	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Borrower</i>	(1)				(NA)			
Low	0	0.0	3.0	30.6	NA	NA	NA	NA
Moderate	0	0.0	30.4	21.5	NA	NA	NA	NA
Middle	0	0.0	24.4	16.8	NA	NA	NA	NA
Upper	1	100.0	42.2	31.1	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(7)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	4	57.1	55.2	51.6	0	0.0	37.0	37.7
Middle	3	42.9	44.8	48.4	0	0.0	63.0	62.3
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	5	71.4	46.3	90.4	0	0.0	35.7	94.3

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

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

NA represents no activity in the income category

The bank originated one community development loan for \$713,000 during the evaluation period to an organization that provides affordable housing.

INVESTMENT TEST

The bank maintains a \$1.6 million affordable housing investment that specifically benefitted this assessment area. Additionally, the institution made charitable donations totaling \$8,940 that served low- and moderate-income students within the assessment area.

SERVICE TEST

The bank operates three branches within this assessment area, and one (33.3%) is located in a moderate-income census tract. No branch offices have been opened or closed in this assessment area since the bank's previous evaluation. Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. The bank participated in 11 community development service activities that specifically benefitted this assessment area.

CRA APPENDIX D

LOAN, BRANCH, AND DEPOSIT VOLUME BY ASSESSMENT AREA

The following table includes the distribution of FB's branch offices, along with deposit and loan volume. The deposit volume includes all bank deposits and is current as of June 30, 2018, while the loan volume includes all reported HMDA, small business, and small farm loans considered in the evaluation.

Assessment Area Name	HMDA/CRA Loan Volume				Branches		Deposits	
	#	%	\$(000s)	%	#	%	\$(000s)	%
Pinehurst-Southern Pines-Lumberton, NC NonMSA	1,314	25.2%	\$200,301	19%	32	31.4%	\$1,787,605	39.2%
Asheville-Brevard, NC	630	12.1%	\$147,730	14%	12	11.8%	\$674,610	14.8%
Wilmington, NC	446	8.6%	\$134,736	12.8%	5	4.9%	\$209,188	4.6%
Greensboro-Winston Salem-High Point, NC	680	13%	\$127,057	12%	16	15.7%	\$752,499	16.5%
Myrtle Beach-Conway-N. Myrtle Beach, NC	380	7.3%	\$87,612	8.3%	4	3.9%	\$184,249	4%
Charlotte-Concord-Gastonia, NC	300	5.8%	\$65,394	6.2%	8	7.8%	\$204,955	4.5%
Raleigh-Durham-Chapel Hill, NC	241	4.6%	\$53,065	5%	5	4.9%	\$98,584	2.2%
Burlington, NC MSA	242	4.6%	\$45,926	4.4%	1	1%	\$52,645	1.2%
Beaufort County, NC NonMSA	191	3.7%	\$34,892	3.3%	2	2%	\$59,182	1.3%
Greenville, NC MSA	134	2.6%	\$33,200	3.1%	1	1%	\$15,747	0.3%
Carteret County, NC NonMSA	78	1.5%	\$23,635	2.2%	2	2%	\$43,287	0.9%
Jacksonville, NC MSA	98	1.9%	\$20,364	1.9%	2	2%	\$83,757	1.8%
McDowell County, NC NonMSA	60	1.2%	\$12,709	1.2%	1	1%	\$56,929	1.2%
Duplin County, NC NonMSA	81	1.6%	\$9,827	.9%	3	2.9%	\$132,712	2.9%
Fayetteville, NC	50	1%	\$9,343	.9%	1	1%	\$19,620	.4%
Dare County, NC NonMSA	50	1%	\$8,134	.8%	1	1%	\$19,042	.4%
<i>North Carolina Subtotal</i>	<i>4,975</i>	<i>95.4%</i>	<i>\$1,013,925</i>	<i>96.1%</i>	<i>96</i>	<i>94.1%</i>	<i>\$4,394,611</i>	<i>96.4%</i>
Florence, SC	131	2.5%	\$28,707	2.7%	2	2%	\$54,842	1.2%
Chesterfield County, SC NonMSA	50	1%	\$5,211	.5%	1	1%	\$44,255	1%
Dillon County, SC NonMSA	25	.5%	\$3,086	.3%	3	2.9%	\$66,803	1.5%
<i>South Carolina Subtotal</i>	<i>206</i>	<i>4%</i>	<i>\$37,004</i>	<i>3.5%</i>	<i>6</i>	<i>5.9%</i>	<i>\$165,900</i>	<i>3.6%</i>
Blacksburg-Christiansburg-Radford, VA *	14	.3%	\$1,901	.2%	NA	NA	NA	NA
Wythe, VA NonMSA *	10	.2%	\$1,143	.1%	NA	NA	NA	NA
Kingsport-Bristol-Bristol, VA *	5	.1%	\$598	.1%	NA	NA	NA	NA
Roanoke, VA MSA *	3	.1%	\$561	.1%	NA	NA	NA	NA
<i>Virginia Subtotal</i>	<i>32</i>	<i>.6%</i>	<i>\$4,203</i>	<i>0.4%</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>
Total	5,213	100%	\$1,055,132	100%	102	100%	\$4,560,511	100%

* FB no longer delineates assessment areas in the Commonwealth of Virginia, nor does the bank maintain any active branches in these areas as a result of selling these branches on July 15, 2016. Therefore, there is no deposit volume to report in the above table.

CRA APPENDIX E

ASSESSMENT AREA COMPOSITION

North Carolina		
Assessment Area Name	County/City	Tracts
Asheville-Brevard, NC	Buncombe County	All
	Henderson County	All
	Madison County	All
	Transylvania County	All
Beaufort County, NC NonMSA	Beaufort County	All
Burlington, NC MSA	Alamance County	All
Carteret County, NC NonMSA	Carteret County	All
Charlotte-Concord-Gastonia NC	Cabarrus County	All
	Iredell County	All
	Mecklenburg County	All
	Rowan County	All
Dare County, NC NonMSA	Dare County	All
Duplin County, NC NonMSA	Duplin County	All
Fayetteville, NC	Cumberland County	All
Greenville, NC MSA	Pitt County	All
Greensboro-Winston-Salem-High Point, NC	Davidson County	All
	Forsyth County	All
	Guilford County	All
	Randolph County	All
	Rockingham County	All
Jacksonville, NC MSA	Onslow County	All
McDowell, NC NonMSA	McDowell County	All
Myrtle Beach-Conway-N. Myrtle Beach, NC	Brunswick County	All
Pinehurst-Southern Pines-Lumberton, NC NonMSA	Anson County	All
	Bladen County	All
	Columbus County	All
	Harnett County	All
	Lee County	All
	Montgomery County	All
	Moore County	All
	Richmond County	All
	Robeson County	All
	Scotland County	All
Stanly County	All	
Raleigh-Durham-Chapel Hill, NC	Chatham County	All
	Wake County	All
Wilmington, NC	New Hanover County	All

South Carolina		
Assessment Area Name	County/City	Tracts
Chesterfield County, SC NonMSA	Chesterfield County	All
Dillon County, SC NonMSA	Dillon County	All
Florence, SC	Florence County	All

Virginia *		
Assessment Area Name	County/City	Tracts
Blacksburg-Christiansburg-Radford, VA	Montgomery County	All
	Pulaski County	All
	Radford City	All
Kingsport-Bristol-Bristol, VA	Bristol City	All
	Washington County	All
Roanoke, VA MSA	Roanoke County	All
	Roanoke City	All
	Salem City	All
Wythe, VA NonMSA	Wythe County	All

* As previously noted, the bank sold its branches in Virginia to another financial institution during July 2016, and no longer delineates these areas as assessment areas.

CRA APPENDIX F

BRANCH OPENINGS AND CLOSURES

During the evaluation period, the bank opened and acquired 31 new branch offices and closed, relocated, or sold 19 branch offices. As previously noted, FB acquired Carolina Bank during March 2017 and Asheville Savings Bank during October 2017. These acquisitions account for some but not all of FB new branch activity. The following table summarizes this activity by assessment area and date.

Assessment Area Name	Date	Number Opened	Number Closed	Comments
Asheville-Brevard, NC	October 2017	12	0	Asheville Savings Bank acquisition
	March 2018	0	3	Branch consolidation into existing branches
Beaufort, NC NonMSA	October 2016	1	1	Branch relocation
Blacksburg-Christiansburg-Radford, VA	July 2016	0	3	Branches sold
Burlington, NC MSA	March 2017	1	0	Carolina Bank acquisition
Charlotte-Concord-Gastonia, NC	July 2016	2	0	Branches acquired from another institution
	August 2016	1	0	De novo branch
Greensboro-Winston-Salem-High Point, NC	July 2016	3	0	Branches acquired from another institution
	March 2017	5	0	Carolina Bank acquisition
	August 2017	0	3	
	February 2018	1	0	De novo branch
Greenville, NC	November 2016	1	0	De novo branch
McDowell, NC	October 2017	1	0	Asheville Savings Bank acquisition
Myrtle Beach-Conway-N. Myrtle Beach, NC	September 2017	0	1	Branch relocation
	October 2017	1	0	
Pinehurst-Southern Pines-Lumberton, NC NonMSA	August 2016	1	2	Branch consolidation into a de novo branch
	February 2017	0	1	
	April 2017	0	1	
	September 2017	0	1	
Raleigh-Durham-Chapel Hill, NC	April 2017	1	0	De novo branch
Roanoke, VA	July 2016	0	1	Branch sold
Wythe, VA	July 2016	0	2	Branches sold
Totals		31	19	

CRA APPENDIX G

GLOSSARY

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

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

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

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

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

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

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

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

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

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

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

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

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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