



PUBLIC DISCLOSURE

June 12, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Oak Ridge

Oak Ridge, 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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2903123

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Oak Ridge, North Carolina 27310

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P. O. Box 27622

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable given its size, financial condition, and assessment area credit needs.
- A majority of the institution's Home Mortgage Disclosure Act (HMDA) and small business loans considered in the evaluation were originated within the assessment area.
- The bank's borrower distribution performance (lending to borrowers of different income levels and to businesses of different sizes) varies from very poor to reasonable by product and is considered reasonable overall.
- The geographic distribution performance varies from reasonable to excellent by product. Overall, the bank's lending reflects a reasonable dispersion throughout the assessment area.
- The institution has not received any complaints regarding its Community Reinvestment Act (CRA) performance since the previous evaluation.
- The bank's community development (CD) performance demonstrates adequate responsiveness to community credit needs considering the bank's capacity and availability of such opportunities within the assessment area.

SCOPE OF EXAMINATION

The Bank of Oak Ridge (BOR) was evaluated using the interagency examination procedures for intermediate small institutions developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with the procedures, all reported HMDA loans from 2020 and 2021, as well as all small business loans originated during 2021 were reviewed. Given its size and branch locations, BOR is required to collect and report HMDA data, but it is not required to collect or report CRA small business data. Qualified community development loans, services, and donations made since the previous evaluation (September 23, 2019), as well as all qualified investments made during this same period and those outstanding as of the date of this evaluation, regardless of when made, were also considered.

While the bank has reported its 2022 HMDA data, it is not included in this analysis because the 2022 aggregate HMDA data was not yet available as of the date of this evaluation. Because aggregate data captures lending done under the same business and market conditions, aggregate data from 2022 is an important performance context factor needed to evaluate the bank's lending performance.

BOR serves one assessment area (Greensboro-High Point, NC) within the state of North Carolina. This assessment area was evaluated using the FFIEC's full-scope evaluation procedures.

DESCRIPTION OF INSTITUTION

BOR is headquartered in Oak Ridge, North Carolina and operates five full-service branches and one standalone full-service automated teller machine (ATM) located within the central portion of the state known as the Triad area; named for the three largest cities in the region: Greensboro, Winston-Salem, and High Point. BOR is a wholly owned subsidiary of Oak Ridge Financial Services, Inc., a single bank holding company. The bank received a Satisfactory rating at its prior CRA evaluation dated September 23, 2019 issued by the Federal Deposit Insurance Corporation (FDIC). No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment area.

As of March 31, 2023, BOR held total assets of approximately \$586.3 million, of which 75.4% were net loans and 15.2% were securities. As of the same date, deposits totaled approximately \$491 million. Various deposit and loan products are available through the institution including loans for business, residential mortgage, and consumer purpose. The composition of the loan portfolio using gross loans is represented in the following table.

Composition of Loan Portfolio

Loan Type	3/31/2023	
	\$(000s)	%
Secured by 1-4 Family dwellings	79,143	17.7
Multifamily	21,598	4.8
Construction and Development	20,414	4.6
Commercial & Industrial/ NonFarm NonResidential	312,151	69.8
Consumer Loans and Credit Cards	4,268	1.0
Agricultural Loans/ Farmland	1,041	0.2
All Other	8,648	1.9
Total	447,263	100.0

As indicated in the preceding table, residential real estate and commercial loans represent the largest proportions of the bank’s loan portfolio. BOR also offers other loan products such as agricultural, construction and development, and consumer loans; however, the volume of such lending is relatively limited in comparison to residential real estate and commercial lending. As such, residential real estate loans and small business loans, which are a subset of commercial lending, were used in this evaluation.

In April 2020, the Small Business Administration (SBA) created the Paycheck Protection Program (PPP). This program was designed to provide direct incentive for small businesses, allow workforces to remain employed, and promote economic stability during the Coronavirus (COVID-19) pandemic. Since the PPP was established, BOR has originated 1,065 PPP loans totaling approximately \$80 million. Of this total, 371 PPP loans totaling approximately \$22.4 million were originated within the bank’s assessment area during 2021. BOR’s origination of PPP loans is an example of the bank being responsive to area credit needs.

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

BOR operates five full-service branches and one full-service ATM within its Greensboro-High Point, NC assessment area. The assessment area delineation includes Guilford and Rockingham Counties, NC in their entirety and is part of the larger Greensboro-High Point, NC MSA. Since the previous evaluation, the bank opened one branch in March 2021 located in an upper-income census tract within Guilford County. No changes were made to the bank’s assessment area as a result of the branch opening.

Recent data (June 30, 2022) from the FDIC indicates the bank ranked 8th out of 23 institutions in local deposit market share, holding 3.3% of area deposits (excluding credit union deposits). According to 2021 aggregate HMDA loan data, the institution ranked 91st out of 511 lenders in reported home mortgage volume with .1% of the area market share.

According to 2015 American Community Survey (ACS) data, the assessment area has a population of 599,063 and a median housing value of \$147,011. Within the assessment area, the owner-occupancy rate equals 54.5%, which is slightly below the owner-occupancy rate for the entire Greensboro-High Point, NC MSA (56.4%) and the State of North Carolina (55.7%). The median family income in the Greensboro-High Point, NC MSA during 2020 and 2021 was \$65,800 and \$65,200, respectively.

The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Greensboro-High Point, NC <i>(Based on 2015 ACS Data and 2021 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	11	7.9	10,030	6.6	4,399	43.9	32,372	21.3
Moderate	36	25.7	31,140	20.5	7,381	23.7	26,921	17.7
Middle	48	34.3	57,745	38.1	5,784	10.0	27,352	18.0
Upper	44	31.4	52,758	34.8	2,575	4.9	65,028	43.0
NA	1	0.7	0	0.0	0	0.0		
Total	140	100.0	151,673	100.0	20,139	13.3	151,673	100.0
	Owner Occupied Units by Tract		Households					
	#	%	HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
#			%	#	%	#	%	
Low	4,969	3.4	15,892	6.7	6,506	40.9	55,468	23.4
Moderate	23,602	16.3	52,818	22.3	13,149	24.9	38,627	16.3
Middle	58,219	40.2	91,094	38.4	12,180	13.4	40,809	17.2
Upper	58,027	40.1	77,319	32.6	6,433	8.3	102,219	43.1
NA	0	0.0	0	0.0	0	0.0		
Total	144,817	100.0	237,123	100.0	38,268	16.1	237,123	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
	#	%	Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
#			%	#	%	#	%	
Low	1,632	5.1	1,452	4.9	170	7.4	10	3.9
Moderate	6,917	21.6	6,242	21.2	643	27.8	32	12.5
Middle	10,663	33.3	9,880	33.5	696	30.1	87	34.1
Upper	12,816	39.9	11,900	40.3	790	34.2	126	49.5
NA	32	0.1	22	0.1	10	0.5	0	0.0
Total	32,060	100.0	29,496	100.0	2,309	100.0	255	100.0
Percentage of Total Businesses:				92.0		7.2		0.8

*NA-Tracts without household or family income as applicable

The area contains several populous municipalities, including Greensboro and High Point, NC. The area's employment opportunities exist primarily within healthcare and social assistance, manufacturing, and retail trade industries. Major area employers include Guilford County Board of Education, Cone Health, and the City of Greensboro. The following table reflects the average annual unemployment rates for the Greensboro-High Point, NC assessment area, as well as for each county within the assessment area, the entire MSA, and the State of North Carolina from 2017 to 2021.

Average Annual Unemployment Rates

Greensboro-High Point, NC AA					
Geographic Area	2017	2018	2019	2020	2021
Greensboro-High Point, NC	4.8%	4.3%	4.1%	8.2%	5.6%
Guilford County, NC	4.8%	4.2%	4.1%	8.2%	5.6%
Rockingham County, NC	5.2%	4.6%	4.3%	8.1%	5.5%
Greensboro-High Point, NC MSA	4.7%	4.2%	4.0%	8.0%	5.4%
State of North Carolina	4.5%	4.0%	3.8%	7.1%	4.8%

As indicated in the table above, unemployment rates within the assessment area slightly declined prior to 2020, rose sharply during 2020 because of the COVID-19 pandemic, and declined the following year as the pandemic slowed. The two counties comprising the bank's assessment area consistently maintain slightly higher annual average unemployment rates when compared to the MSA and statewide areas.

A local community development official was contacted during the evaluation to discuss area economic conditions and community credit needs. The contact stated that financial literacy is a need in the area, and there is potential opportunity for local financial institutions to provide community development efforts to less populous areas within the Greensboro-High Point, NC MSA. Overall, the contact indicated that area financial institutions are reasonably serving the banking needs of the local economy.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

When evaluating a bank's HMDA loan performance, relevant area demographic data from the American Community Survey (ACS) is used as a proxy 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 ACS data that is updated once every five years. As such, when evaluating the bank's performance, relevant area demographic data from the 2015 ACS was used. Similarly, Dun and Bradstreet (D&B) business demographic data from 2021 was considered when evaluating the bank's small business lending performance.

Aggregate loan data is also used as a proxy for demand when evaluating the bank's HMDA and small business lending performance. The aggregate data includes all activity reported by lenders subject to reporting HMDA and CRA data, respectively, within the bank's assessment area. Because the bank does not report CRA loan data, its small business loans are not included in the aggregate CRA data.

The borrower and geographic distribution performance of HMDA loans focused on performance for Home Purchase, Home Improvement, Refinancing, and Multi-family loan categories. Performance for the Not Applicable, Other Closed, and Other Line of Credit loan categories was not evaluated because not all HMDA reporters are required to report each loan category, or the category contains relatively few loans overall.

While HMDA loan data from calendar years 2020 and 2021 were fully analyzed and considered in the evaluation, only bank and aggregate data from 2021 are presented in the data tables. In instances where the 2020 performance varies significantly from the 2021 performance presented in the table, the variance and the corresponding impact on overall performance is discussed. The lending analysis tables for 2020 are located in **Appendix A**.

During 2021, the bank was an active participant in the SBA's PPP. Consistent with data collection and reporting requirements of the program, financial institutions were not required to collect or report borrower revenue information for PPP loans. Since PPP loans represent a significant portion of BOR's small business lending in 2021, examiners evaluated the borrower distribution performance for small business lending using loan size as a proxy for loans with revenues not available. Borrower distribution performance conclusions in 2021 consider the institution's percentage of small business loans in amounts of \$100,000 or less, with a higher percentage of smaller dollar loans considered to be more responsive to the needs of smaller-sized businesses and represent a favorable penetration among businesses of different sizes.

When evaluating the borrower and geographic distribution for a specific loan category within an assessment area, primary emphasis is placed on the number (and corresponding percentage) 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 generally weighted by dollar volume of such loans made in the assessment area. During 2021, BOR originated approximately \$18.5 million in HMDA loans and \$49.7 million in small business loans within the assessment area. As such, small business lending generally carries greater weight in determining the overall conclusions.

Overall, the bank's lending test is rated Satisfactory. This rating considers the bank's loan-to-deposit ratio, proportion of lending within its assessment area, borrower distribution performance, and geographic distribution performance.

The bank's community development performance is rated Satisfactory. This conclusion is based on the number and amount of qualified community development loans, investments, and services during the evaluation period and the bank's responsiveness to identified local community development needs.

Loan-To-Deposit Ratio

The bank's current loan-to-deposit ratio equals 90.1%, and it averaged 88.5% for the 12-quarter period ending March 31, 2023. In comparison, the quarterly average loan-to-deposit ratios for two similarly situated institutions that operate in the bank's assessment area ranged from 66.3% to 85.7% during the same time period. Since June 30, 2020, BOR's assets and deposits have increased by 7.8% and 3.7%, respectively, while its net loans have decreased by 1.3%. The bank's level of lending activity as measured by its loan-to-deposit ratio is considered reasonable given the institution's size, financial condition, and local credit needs.

Lending In Assessment Area

To determine the institution’s volume of lending within its assessment area, the geographic location of the bank’s 2020 and 2021 HMDA, and 2021 small business lending was considered. The lending distribution inside and outside of the bank’s assessment area is represented in the following table.

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

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	66	74.2	13,044	65.3	23	25.8	6,917	34.7
Home Improvement	0	0.0	0	0.0	0	0.0	0	0.0
Refinancing	25	78.1	5,786	70.1	7	21.9	2,471	29.9
Multi-Family Housing	23	60.5	17,790	66.2	15	39.5	9,101	33.8
Loan Purpose Not Applicable	0	0.0	0	0.0	0	0.0	0	0.0
Other Purpose Closed/Exempt	0	0.0	0	0.0	0	0.0	0	0.0
Other Purpose LOC	0	0.0	0	0.0	0	0.0	0	0.0
Total HMDA related	114	71.7	36,620	66.5	45	28.3	18,489	33.5
Small Business	469	82.3	49,702	82.9	101	17.7	10,234	17.1
TOTAL LOANS	583	80.0	86,322	75.0	146	20.0	28,723	25.0

As indicated in the preceding table, a majority of the total number (80%) and dollar amount (75%) of HMDA and small business loans were extended within the bank’s assessment area. Overall, the institution’s level of lending within its assessment area is considered responsive to community credit needs.

Lending to Borrowers of Different Incomes and To Businesses of Different Sizes

BOR’s borrower distribution performance for HMDA lending is considered very poor, while small business lending is considered reasonable. Based on the relative performance level and loan volume of each product, the bank’s overall borrower distribution performance is considered reasonable.

Distribution of HMDA Loans by Income Level of Borrower

Greensboro-High Point, NC (2021)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	0	0.0	0	0.0	1,423	6.1	144,891	3.0
Moderate	0	0.0	0	0.0	4,516	19.4	630,118	13.2
Middle	0	0.0	0	0.0	5,487	23.6	953,335	20.0
Upper	7	100.0	3,946	100.0	11,845	50.9	3,029,315	63.8
Total	7	100.0	3,946	100.0	23,271	100.0	4,757,659	100.0
Unknown	31		14,546		4,082		1,257,599	

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

During 2021, BOR reported 38 HMDA loans totaling approximately \$18.5 million within the assessment area; however, a significant portion of these loans were made for business purpose and reported without borrower incomes. As such, these loans were excluded from the borrower distribution analysis. Of the seven loans with known borrower incomes, BOR did not originate any loans to low-income borrowers, which lagged the percentage of low-income families in the area (21.3%) and the aggregate level of lending (6.1%) to such borrowers. Similarly, BOR did not originate any loans to moderate-income borrowers, lagging the percentage of moderate-income families in the area (17.7%) and the aggregate level of lending (19.4%) to such borrowers. Overall, BOR’s 2021 HMDA lending performance is considered very poor, and its performance during 2020 is substantially similar.

Distribution of Lending by Loan Amount and Size of Business

Greensboro-High Point, NC (2021)								
<i>by Revenue</i>	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	63	13.4	17,194	34.6	8,289	47.6	260,200	33.4
Over \$1 Million	35	7.5	10,064	20.2	NA	NA	NA	NA
<i>Unknown</i>	371	79.1	22,444	45.2	NA	NA	NA	NA
<i>by Loan Size</i>								
\$100,000 or less	353	75.3	10,056	20.2	15,838	91.0	256,031	32.9
\$100,001-\$250,000	58	12.4	9,685	19.5	860	4.9	141,906	18.2
\$250,001-\$1 Million	58	12.3	29,961	60.3	708	4.1	380,724	48.9
Total	469	100.0	49,702	100.0	17,406	100.0	778,661	100.0

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

D&B data from 2021 indicates that 92% of all local businesses have revenues that do not exceed \$1 million per year. Of the small business loans considered in the evaluation, 13.4% were to businesses with revenues of \$1 million or less. The percentage of the bank’s small business loans extended to businesses with revenues of \$1 million or less was impacted by a large volume of loans for which borrower revenue was unknown (i.e. 79.1% of all loans). As previously noted, the bank was an active PPP lender during 2021, and the loan program did not require the collection or consideration of borrower revenue data. Consequently, large volumes of small business loans were originated during 2021 for which borrower revenue is unknown. However, when borrower revenues were known, a majority of the bank’s small business loans were made to businesses with annual revenues of \$1 million or less (64.3%).

Although the bank does not collect or report its small business loan data, aggregate small business data was also considered as an element of performance context in evaluating the bank’s distribution by business revenue. During 2021, 47.6% of all reported small business loans were to businesses with annual 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. The 2021 aggregate small business loan data also includes an unknown volume of PPP loans, which limits its usefulness as a proxy when evaluating the bank’s performance.

Because smaller dollar loans can demonstrate a willingness to provide credit to small businesses, the bank’s distribution by loan size was also considered. Overall, the bank originated 75.3% of its small business loans in amounts of \$100,000 or less which is less than the aggregate lending level (91.0%).

As an element of performance context, the bank's PPP small business loans without borrower revenue data were also evaluated by loan size within this assessment area. The following table reflects this distribution.

Distribution of Sampled PPP Small Business Loans with Unknown Revenue by Loan Size

Greensboro-High Point, NC AA (2021)				
Loan Size	#	%	\$ (000s)	%
\$100,000 or less	315	84.9%	\$8,081,268	36.0%
> \$100,000 to \$250,000	36	9.7%	\$5,656,635	25.2%
> \$250,000 to \$1,000,000	20	5.4%	\$8,705,832	38.8%
Total	371	100%	\$22,443,735	100%

Within the assessment area, a large majority (84.9%) of PPP small business loans for which borrower revenue was not known had loan amounts of \$100,000 or less, indicating that the bank is helping to serve the needs of small businesses in the assessment area.

Overall, the bank's distribution of small business lending by loan amount and size of business is considered reasonable.

Geographic Distribution of Loans

BOR's geographic distribution performance for HMDA lending is considered excellent, while small business lending is considered reasonable. Based on the relative performance level and loan volume of each product, the bank's overall geographic distribution of loans is considered reasonable.

Distribution of HMDA Loans by Income Level of Census Tract

Greensboro-High Point, NC (2021)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(20)		Home Purchase		(11,268)			
Low	2	10.0	146	2.4	355	3.2	38,636	1.5
Moderate	2	10.0	402	6.6	1,804	16.0	257,066	9.9
Middle	7	35.0	1,089	17.9	4,290	38.1	862,075	33.2
Upper	9	45.0	4,462	73.1	4,819	42.7	1,440,761	55.4
	(9)		Refinance		(14,849)			
Low	0	0.0	0	0.0	168	1.1	15,601	0.5
Moderate	2	22.2	294	8.1	1,408	9.5	174,959	6.0
Middle	3	33.3	1,912	52.9	5,265	35.5	865,059	29.5
Upper	4	44.5	1,408	39.0	8,008	53.9	1,881,115	64.0
	(0)		Home Improvement		(1,148)			
Low	0	0.0	0	0.0	20	1.7	772	0.9
Moderate	0	0.0	0	0.0	122	10.6	5,693	6.6
Middle	0	0.0	0	0.0	409	35.6	26,327	30.6
Upper	0	0.0	0	0.0	597	52.1	53,206	61.9
	(9)		Multi-Family		(88)			
Low	0	0.0	0	0.0	16	18.2	10,422	2.6
Moderate	3	33.3	1,314	15.0	34	38.6	109,256	27.7
Middle	3	33.3	4,454	50.7	19	21.6	114,388	29.0
Upper	3	33.4	3,011	34.3	19	21.6	159,922	40.7
	HMDA Totals							
Low	2	5.3	146	0.8	559	2.0	65,431	1.1
Moderate	7	18.4	2,010	10.9	3,368	12.3	546,974	9.1
Middle	13	34.2	7,455	40.3	9,983	36.5	1,867,849	31.1
Upper	16	42.1	8,881	48.0	13,443	49.2	3,535,004	58.7
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	38	100.0	18,492	100.0	27,353	100.0	6,015,258	100.0

NA*-Tracts without household or family income as applicable

Within the assessment area, demand for refinance and home purchase lending significantly exceeded demand for home improvement and multi-family lending as evidenced by the larger number of those loans originated by aggregate reporters. BOR originated a larger volume of home purchase loans, followed by refinance and multi-family loans during 2021. The bank's home purchase performance is considered reasonable, while its refinance performance is considered excellent, and its multi-family lending is considered poor. Given the significantly lower volume of home improvement and multi-family lending within the assessment area, these loan categories were given less weight when considering the bank's overall performance.

On a combined basis during 2021, BOR's HMDA lending in low-income census tracts (5.3%) exceeded the level of owner-occupied housing units located in low-income tracts (3.4%) and the aggregate level of lending (2%) in such tracts. The bank's level of lending in moderate-income census tracts (18.4%) also exceeded the level of owner-occupied housing units located in moderate-income tracts (16.3%) and the aggregate level of lending (12.3%) in such tracts. Overall, the bank's HMDA lending performance is considered excellent, and its performance during 2020 was substantially similar.

Distribution of Small Business Loans by Income Level of Census Tract

Greensboro-High Point, NC (2021)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
Low	6	1.3	612	1.2	807	4.7	40,293	5.2
Moderate	75	16.0	11,918	24.0	3,764	21.7	191,267	24.6
Middle	121	25.8	10,587	21.3	5,803	33.5	236,633	30.4
Upper	267	56.9	26,585	53.5	6,924	40.0	307,986	39.6
NA*	0	0.0	0	0.0	19	0.1	1,623	0.2
Total	469	100.0	49,702	100.0	17,317	100.0	777,802	100.0

*NA-Tracts without household or family income as applicable

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

BOR’s 2021 small business lending in low-income census tracts (1.3%) was less than the percentage of area businesses located in low-income census tracts (5.1%) and the aggregate level of lending (4.7%) in such tracts. Comparatively, while still less than the noted proxies for credit demand, the bank’s performance in moderate-income tracts (16%) was notably closer to both the aggregate lending level (21.7%) and the percentage of small businesses in such tracts (21.7%) than its performance in low-income tracts. On a combined basis, BOR’s geographic distribution performance for small business lending is considered reasonable.

Community Development Loans, Investments, and Services

BOR supports community development initiatives that benefit its assessment area and the larger statewide area by making qualified loans and investments and providing qualified services to local organizations. Discussions with an individual knowledgeable of the local community, as well as a review of community development activities of other financial institutions that operate in BOR’s assessment area, indicate that local community development opportunities are reasonably available within the assessment area. The bank faces no constraints in providing community development loans, investments, and services.

During the evaluation period, the bank provided the following qualified community development activities directly benefiting its assessment area:

Loans

Three loans totaling approximately \$2.5 million to organizations that promote economic development by creating and/or retaining low- and moderate-income jobs.

One loan totaling \$310,000 to a non-profit organization that provides shelter and necessities to low- and moderate-income women.

Two PPP loans totaling approximately \$2.5 million to a company located in a moderate-income census tract to stabilize the area and retain low- and moderate-income jobs.

One annually renewing loan totaling \$1.6 million to the Senior Housing Crime Prevention Foundation (SHCPF). The SHCPF provides community development services targeted to low- and moderate-income elderly residents within the assessment area. Based on the promissory note, 1.75% (\$28,000) of the principal loan balance was utilized annually by the SHCPF to fund its programs.

Investments

Twenty-two qualified charitable donations totaling \$34,961 were made during the evaluation period to organizations that provide qualified community development services.

Services

An officer of the bank serves on the board of Corporation of Guardianship which provides social services for low- and moderate-income residents of the area.

An officer provides financial expertise to an organization that raises funds specifically for two area charities (Greensboro Urban Ministry and BackPack Beginnings) which provide food and basic needs to low- and moderate-income students and their families.

A bank employee provides financial expertise by serving on the Boys and Girls Club of Greater High Point's board and financial committee. This organization provides social services for children from low- and moderate-income families.

In addition to the activities described above, the bank made five qualified community development loans totaling approximately \$6 million, held one qualified SBIC investment totaling \$1 million, and provided financial expertise to support one organization (Habitat for Humanity of Randolph County) within the broader statewide or regional area that includes the bank's assessment area.

Overall, the bank has demonstrated an adequate level of responsiveness to local community development needs through its lending and investment activities and support of area organizations that facilitate community development. As such, the bank's community development performance is rated Satisfactory.

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.

CRA APPENDIX A
FULL-SCOPE REVIEW TABLES
Greensboro-High Point, NC AA
Borrower Distribution Tables

Distribution of HMDA Loans by Income Level of Borrower

Greensboro-High Point, NC (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
	HMDA Totals							
Low	0	0.0	0	0.0	1,164	5.6	113,436	2.7
Moderate	0	0.0	0	0.0	3,828	18.6	515,595	12.4
Middle	0	0.0	0	0.0	4,695	22.8	792,701	19.0
Upper	10	100.0	1,563	100.0	10,930	53.0	2,740,153	65.9
Total	10	100.0	1,563	100.0	20,617	100.0	4,161,885	100.0
<i>Unknown</i>	<i>66</i>		<i>16,565</i>		<i>3,626</i>		<i>1,249,850</i>	

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

Geographic Distribution Table

Distribution of HMDA Loans by Income Level of Census Tract

Greensboro-High Point, NC (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(46)				Home Purchase (10,335)			
Low	3	6.5	382	5.5	235	2.3	21,467	1.0
Moderate	12	26.1	1,003	14.4	1,442	14.0	186,370	8.6
Middle	13	28.3	1,705	24.6	3,940	38.1	706,489	32.6
Upper	18	39.1	3,855	55.5	4,718	45.6	1,250,037	57.8
	(16)				Refinance (12,835)			
Low	0	0.0	0	0.0	96	0.7	8,354	0.3
Moderate	8	50.0	484	22.3	911	7.1	102,882	3.8
Middle	4	25.0	1,123	51.7	4,136	32.2	695,943	26.0
Upper	4	25.0	565	26.0	7,692	60.0	1,869,654	69.9
	(0)				Home Improvement (978)			
Low	0	0.0	0	0.0	17	1.7	576	0.9
Moderate	0	0.0	0	0.0	95	9.7	4,482	6.7
Middle	0	0.0	0	0.0	309	31.6	17,763	26.4
Upper	0	0.0	0	0.0	557	57.0	44,349	66.0
	(14)				Multi-Family (95)			
Low	2	14.3	902	10.0	11	11.6	3,676	0.7
Moderate	3	21.4	1,527	16.9	28	29.5	77,311	15.4
Middle	6	42.9	3,864	42.9	34	35.8	288,376	57.3
Upper	3	21.4	2,718	30.2	22	23.1	134,006	26.6
	HMDA Totals							
Low	5	6.6	1,284	7.1	359	1.5	34,073	0.6
Moderate	23	30.3	3,014	16.6	2,476	10.2	371,045	6.9
Middle	23	30.3	6,692	36.9	8,419	34.7	1,708,571	31.6
Upper	25	32.8	7,138	39.4	12,989	53.6	3,298,046	60.9
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	76	100.0	18,128	100.0	24,243	100.0	5,411,735	100.0

NA*-Tracts without household or family income as applicable

CRA APPENDIX B

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 and Community Development 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 and Community Development 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.