

PUBLIC DISCLOSURE

June 10, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Cabarrus Bank & Trust Company

3166729

P. O. Box 28026

Concord, North Carolina 28026

Federal Reserve Bank of Richmond

P. O. Box 27622

Richmond, Virginia 23261

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, 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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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable given the bank's size, financial condition and credit needs within the bank's assessment area.
- A majority of the institution's Home Mortgage Disclosure Act (HMDA) and small business loans were generated within the bank's assessment areas.
- The bank's borrower distribution of lending performance for HMDA is considered reasonable, while its small business performance is considered excellent. Overall, the bank's borrower distribution performance is considered reasonable.
- The bank's geographic distribution of lending performance is considered excellent for both HMDA and small business lending.
- The institution has not received any complaints regarding its CRA performance since the previous evaluation.

SCOPE OF EXAMINATION

Cabarrus Bank & Trust Company (CBT) was evaluated using the interagency examination procedures developed by the Federal Financial Institutions Examination Council. Consistent with these procedures, residential mortgage loans reported by the institution in accordance with the HMDA during calendar years 2011 and 2012 were reviewed. Additionally, small business lending is a primary product line and was considered in the evaluation. All small business loans originated by the bank during 2011 were also included in the analysis. Based on recent lending activity, the bank originated a larger volume of residential mortgage loans than small business loans. Consequently, the bank's residential mortgage (HMDA) lending performance was given more weight in the analysis.

DESCRIPTION OF INSTITUTION

CBT is headquartered in Concord, North Carolina and operates three offices in southern central North Carolina. CBT is a wholly-owned subsidiary of Uwharrie Capital Corporation, a multibank holding company, headquartered in Albemarle, North Carolina. In addition to the holding company, the bank is affiliated with the Bank of Stanly (Albemarle, NC) and Anson Bank and Trust Company (Wadesboro, NC). This evaluation reflects only the performance of CBT and does not consider or include the activities of any related entities. CBT received a Satisfactory rating at its prior CRA evaluation dated May 11, 2009. No known legal impediments exist that would constrain the bank in meeting the credit needs of its assessment area.

As of March 31, 2013, CBT held \$131.2 million in assets, of which 54.3% were net loans and 25.7% were securities. Various deposit and loan products are available through the institutions including loans for residential mortgage, business, and consumer purposes. The composition of the loan portfolio (reflecting gross loans), as of March 31, 2013, is represented in the following table:

Composition of Loan Portfolio

Loan Type	3/31/2013	
	\$(000s)	%
Secured by 1-4 Family dwellings	28,138	38.8
Multifamily	2,856	3.9
Construction and Development	4,107	5.7
Commercial & Industrial/ NonFarm NonResidential	33,753	46.4
Consumer Loans and Credit Cards	1,203	1.7
Agricultural Loans/ Farmland	920	1.3
All Other	1,587	2.2
Total	72,564	100.0

As indicated in the preceding table, the bank is an active commercial and residential mortgage lender. These composition percentages also correspond with the number of new loans recently extended by the bank. The bank offers other loans, such as consumer and farm loans; however, the volume of such lending is small in comparison to the residential and commercial/small business lending.

The bank serves one assessment area that includes all of Cabarrus County, North Carolina which is part of the Charlotte-Gastonia-Rock Hill, NC-SC Metropolitan Statistical Area (MSA). Since its previous CRA evaluation in May 2009, the bank has not opened or closed any bank branches.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN CHARLOTTE-GASTONIA-ROCK HILL, NC-SC MSA ASSESSMENT AREA

The bank operates three branch offices within the assessment area, which includes all of Cabarrus County. As of June 30, 2012, the bank ranked 5th out of 12 institutions in local deposit market share with 6.2% of the assessment area’s FDIC insured deposits (credit union deposits are not included).

According to the 2000 census data, the assessment area had a population of 131,063 and a median housing value of \$108,949. The assessment area owner-occupancy rate (70%) exceeded the rates for the overall MSA (63.1%) and the State of North Carolina (61.6%). Within the assessment area, 4.8% of families were considered below the poverty level, which is lower than the overall MSA’s rate (6.8%) and the statewide rate (9%). The 2011 HUD estimated median family income for the assessment area equaled \$67,500. The following table includes pertinent demographic data for the assessment area based on census data from 2000 and D&B data from 2011.

Assessment Area Demographics

Charlotte-Gastonia-Rock Hill, NC-SC MSA (Based on 2000 Census Boundaries and 2011 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	6,566	17.9
Moderate	7	33.3	9,459	25.8	908	9.6	7,219	19.7
Middle	12	57.1	20,147	54.8	712	3.5	9,428	25.7
Upper	2	9.5	7,126	19.4	151	2.1	13,519	36.8
NA	0	0.0	0	0.0	0	0.0		
Total	21	100.0	36,732	100.0	1,771	4.8	36,732	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	10,773	21.7
Moderate	7,891	21.3	13,979	28.2	1,772	12.7	8,869	17.9
Middle	21,054	56.9	26,962	54.4	1,460	5.4	10,621	21.4
Upper	8,029	21.7	8,643	17.4	248	2.9	19,321	39.0
NA	0	0.0	0	0.0	0	0.0		
Total	36,974	100.0	49,584	100.0	3,480	7.0	49,584	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	2,112	20.7	1,940	20.6	102	21.8	70	20.9
Middle	5,655	55.4	5,231	55.6	248	53.1	176	52.5
Upper	2,441	23.9	2,235	23.8	117	25.1	89	26.6
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	10,208	100.0	9,406	100.0	467	100.0	335	100.0
Percentage of Total Businesses:				92.1		4.6		3.3

*NA-Tracts without household or family income as applicable

Based on data from the 2010 census, the assessment area population increased to 178,011. Similarly, the area median housing value also increased and equals \$164,075. The assessment area owner-occupancy rate (67.3 %) continues to exceed the rates for the overall MSA (61.5%) and the state (58.4 %). According to the recent census data, the assessment area's family poverty increased substantially and currently equals 8.6%, which, nonetheless, remains less than the overall MSA's rate (9.3%) and the statewide rate (11.4%). The HUD estimated median family income for the Charlotte-Gastonia-Rock Hill, NC-SC MSA equaled \$68,500 during 2012. The following table includes pertinent demographic data for the assessment area based on census data from 2010 and D&B data from 2012.

Assessment Area Demographics

Charlotte-Gastonia-Rock Hill, NC-SC MSA (Based on 2010 ACS Boundaries and 2012 D&B information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	4	10.8	3,385	7.5	988	29.2	9,082	20.2
Moderate	8	21.6	7,670	17.0	988	12.9	8,150	18.1
Middle	13	35.1	17,939	39.8	1,310	7.3	9,665	21.4
Upper	12	32.4	16,071	35.7	585	3.6	18,168	40.3
NA	0	0.0	0	0.0	0	0.0		
Total	37	100.0	45,065	100.0	3,871	8.6	45,065	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	2,338	5.0	5,414	8.5	1,566	28.9	14,652	23.0
Moderate	5,938	12.7	12,347	19.4	1,984	16.1	10,523	16.5
Middle	20,310	43.5	25,026	39.3	2,264	9.0	11,638	18.3
Upper	18,122	38.8	20,893	32.8	867	4.1	26,867	42.2
NA	0	0.0	0	0.0	0	0.0		
Total	46,708	100.0	63,680	100.0	6,681	10.5	63,680	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	716	7.2	628	6.9	55	11.8	33	9.6
Moderate	1,640	16.6	1,492	16.4	79	17.0	69	20.0
Middle	3,561	36.0	3,319	36.6	135	29.0	107	31.0
Upper	3,966	40.1	3,633	40.0	197	42.3	136	39.4
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	9,883	100.0	9,072	100.0	466	100.0	345	100.0
Percentage of Total Businesses:				91.8		4.7		3.5

*NA-Tracts without household or family income as applicable

The area economy is based on a variety of health care, retail trade, and professional service industries. Major area employers include Charlotte Mecklenburg Hospital, Connexions (business consultant), Wal-Mart stores, The Shoe Show (corporate headquarters and retail stores), S&D Coffee (corporate headquarters and production and distribution centers), local governments, and area school systems. Recent periodic unemployment rates are included in the following table.

Unemployment Rate Trend								
Geographic Area	June 2009	Dec 2009	June 2010	Dec 2010	June 2011	Dec 2011	June 2012	Dec 2012
Cabarrus County	11%	12%	11.3%	10.5%	10.4%	9.4%	9.2%	8.6%
Charlotte-Gastonia-Rock Hill, NC-SC MSA	11.8%	11.9%	11.9%	11.1%	11.3%	9.9%	9.9%	9.4%
North Carolina	10.8%	11%	10.8%	10.4%	10.7%	9.8%	9.8%	9.4%

The current assessment area unemployment rate is lower than its rate during June 2009. Since December 2009, the unemployment rate within the assessment has been gradually declining. While unemployment rates within the overall MSA and statewide area have been somewhat more volatile, they have both declined on an absolute basis since June 2009. Currently, the assessment area's unemployment rate is lower than the rate in the MSA and statewide area.

An individual familiar with the local market area was contacted to discuss local economic conditions and community credit needs. The contact stated that the demand for affordable housing has increased during the recent three to four year period but that the stock of affordable housing units has remained essentially flat. Currently, the demand for affordable housing units exceeds its supply. The contact also suggested the cities of Concord and Kannapolis would benefit from a structured revitalization program but that for such a program to be successful resources at the federal, state, and local levels would have to be utilized in tandem. The individual stated that local financial institutions are reasonably serving the needs of their communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

An analysis of lending during the review period is discussed in greater detail in subsequent sections of this evaluation. When evaluating the bank's performance, relevant area demographic data from the 2000 and 2010 census are used as proxies for demand. Demographic data from the 2000 census is considered when evaluating the bank's lending performance during 2011, while demographic data from the 2010 census is utilized when evaluating the bank's performance during 2012. Aggregate HMDA and small business loan data from 2011 is also considered when evaluating the bank's performance. Aggregate HMDA lending data from 2012 cannot be considered in this evaluation because the data is not currently available. Dun & Bradstreet (D&B) business demographic data from 2011 are also considered when evaluating the bank's performance.

While CBT's HMDA loan data from calendar years 2011 and 2012 were fully analyzed and considered in the evaluation, bank and aggregate data from only 2011 are reflected in the assessment area analysis tables. In instances when the bank's 2012 HMDA performance varies significantly from its performance during 2011, such variance and the corresponding impact on the overall performance are discussed. Analysis of the bank's small business lending includes lending during only 2011.

When evaluating the borrower and the geographic distribution of lending for a specific loan category, 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 the dollar volume of such loans in the assessment area. Because the bank originated a larger dollar volume of residential mortgage loans than small business loans during 2011, the bank's residential mortgage lending performance is given greater weight when determining the bank's overall lending performance.

Within the bank's market areas, a high level of small business lending activity has been 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 significant 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 lending to businesses with annual revenues of \$1 million or less. These factors were considered as an aspect of performance context when evaluating the level and distribution of small business lending.

Loan-To-Deposit Ratio

The bank's current (March 31, 2013) loan to deposit ratio equals 61.3% and averaged 76% for the sixteen-quarter period ending March 31, 2013. In comparison, the quarterly average loan-to-deposit ratios for all banks headquartered in metropolitan areas of North Carolina and of similar asset size to CBT ranged from 83.4% to 90.2% during the same sixteen-quarter period. Since March 31, 2009, assets and deposits have increased by 30.2% and 41.9%, respectively, while net loans have decreased by .9%. While the bank's level of net loans outstanding has declined by a nominal (.9%) percentage, the bank's

growth in overall deposits has caused its loan-to-deposit ratio to decline on a relative basis. In addition, the bank's loan-to-deposit ratio does not reflect the effect of its residential mortgage (HMDA) lending. A large volume of its residential mortgage loans are sold to other parties rather than retained in the bank's portfolio. During 2011, 87% of the bank's HMDA loans were sold to third parties and an even larger percentage of loans were originated and sold during 2012. Consequently, the bank's loan-to-deposit ratio does not fully reflect the bank's loan origination activity. Despite the decrease in net loans outstanding, the bank's loan-to-deposit ratio is considered reasonable given the institution's size, financial condition, market conditions, 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 HMDA loans and small business loans included in the analysis were 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 Improvement	7	77.8	809	65.2	2	22.2	431	34.8
Home Purchase	73	70.2	11,353	72.0	31	29.8	4,412	28.0
Multi-Family Housing	2	100.0	492	100.0	0	0.0	0	0.0
Refinancing	224	78.3	36,767	77.0	62	21.7	10,954	23.0
Total HMDA related	306	76.3	49,421	75.8	95	23.7	15,797	24.2
Small Business	43	74.1	4,753	67.1	15	25.9	2,331	32.9
TOTAL LOANS	349	76.0	54,174	74.9	110	24.0	18,128	25.1

As indicated in the preceding table, a majority of the number (76%) and dollar amount (74.9%) of HMDA and small business loans were extended to residents and businesses in the bank's assessment area. Overall, the institutions level of lending within its assessment areas is considered responsive to community credit needs.

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

The bank's residential mortgage loan borrower distribution performance is reasonable, while its small business loan performance is excellent. Because of the larger dollar volume of residential mortgage lending within the assessment, its performance is given greater weight and the bank's overall level of performance is considered reasonable.

Distribution of HMDA Loans by Income Level of Borrower

Charlotte-Gastonia-Rock Hill, NC-SC MSA (2011)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	11	10.9	1,086	7.6	584	10.8	54,243	5.9
Moderate	17	16.8	1,714	11.9	1,133	21.0	143,093	15.6
Middle	28	27.7	3,877	27.0	1,299	24.1	205,618	22.4
Upper	45	44.6	7,669	53.5	2,368	44.1	515,267	56.1
Total	101	100.0	14,346	100.0	5,384	100.0	918,221	100.0
Unknown	2		510		1,241		237,696	

Percentage's (%) are calculated on all loans where incomes are known

During 2011, the bank and the aggregate reporters extended a larger volume of home purchase and refinance loans than home improvement and multi-family loans. On a relative basis, CBT's residential mortgage lending was more heavily concentrated in refinance than the aggregate reporters lending. Consequently, the bank's refinance performance has larger impact on its overall performance than the other loan types. The bank's home purchase and refinance loan performance approximated the aggregate lending performance and is considered reasonable. The bank did not, however, originate any home improvement loans to low- or moderate-income borrowers, while the aggregate lenders reported home improvement loans to these borrowers. Consequently, the bank's borrower distribution performance specific to its home improvement lending is considered poor.

While the bank's lending during 2011 to low-income borrowers (10.9%) lagged the percentage of low-income families in the assessment area (17.9%), it approximated the aggregate reporter lending level (10.8%). Bank lending to moderate-income borrowers (16.8%) lagged both the percentage of moderate-income area families (19.7%) and the aggregate reporter lending level (21%). The bank's performance during 2011 is reasonable and its performance during 2012 is similar.

Distribution of Lending by Loan Amount and Size of Business

Charlotte-Gastonia-Rock Hill, NC-SC MSA (2011)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	32	74.4	4,055	85.3	1,101	45.7	48,080	48.4
Over \$1 Million	11	25.6	698	14.7	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	29	67.4	978	20.6	2,223	92.4	29,901	30.1
\$100,001-\$250,000	10	23.3	1,675	35.2	84	3.5	14,982	15.1
\$250,001-\$1 Million	4	9.3	2,100	44.2	100	4.2	54,372	54.8
Total	43	100.0	4,753	100.0	2,407	100.0	99,255	100.0

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

D&B data indicates that 92.1% of all local businesses have revenues that do not exceed \$1 million per year. According to 2011 aggregate small business data, 45.7% of reported loans were extended to businesses with annual revenues of \$1 million or less. The remaining loans were to businesses with revenues in excess of \$1 million per year or revenues were not known. As part of the performance context, the aggregate data was also considered after excluding certain high-volume specialty credit card lenders. Of the remaining small business loans originated by traditional bank lenders, 56.1% were made to businesses with annual revenues of \$1 million or less. During 2011, 74.4% of the bank's small business loans were to businesses with annual revenues of \$1 million or less. The bank's performance during 2011 is considered excellent.

Geographic Distribution of Loans

According to census data from 2000, the assessment area includes no low-income census tracts, seven moderate-income census tracts, 12 middle-income census tracts, and two upper-income census tracts. As previously noted, the demographic data based on the census data from 2000 is used as a proxy for demand when evaluating the bank's lending performance during 2011. As a result of the 2010 census, the number and income level designations of census tracts within the assessment area changed. Based on the 2010 census data, the assessment area includes four low-income census tracts, eight moderate-income census tracts, 13 middle-income census tracts, and 12 upper-income census tracts. Demographic data based on the 2010 census is used as a proxy for demand when evaluating the bank's lending performance during 2012.

While the bank's HMDA distribution performance varies by year from reasonable to excellent, its overall HMDA performance is considered excellent. The bank's small business distribution performance is also considered excellent within this assessment area.

Distribution of HMDA Loans by Income Level of Census Tract

Charlotte-Gastonia-Rock Hill, NC-SC MSA (2011)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(24)				(2,583)			
	Home Purchase							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	5	20.8	375	11.2	270	10.5	28,119	6.4
Middle	16	66.7	2,342	70.2	1,567	60.7	274,517	62.2
Upper	3	12.5	621	18.6	746	28.9	138,432	31.4
	(73)				(3,928)			
	Refinance							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	4.1	274	2.6	327	8.3	37,103	5.5
Middle	61	83.6	8,887	83.8	2,302	58.6	402,069	60.0
Upper	9	12.3	1,441	13.6	1,299	33.1	231,392	34.5
	(5)				(108)			
	Home Improvement							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	20.0	79	13.1	19	17.6	1,250	12.9
Middle	4	80.0	525	86.9	59	54.6	5,272	54.5
Upper	0	0.0	0	0.0	30	27.8	3,159	32.6
	(1)				(6)			
	Multi-Family							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	1	16.7	648	1.9
Middle	1	100.0	312	100.0	5	83.3	33,956	98.1
Upper	0	0.0	0	0.0	0	0.0	0	0.0
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	9	8.7	728	4.9	617	9.3	67,120	5.8
Middle	82	79.6	12,066	81.2	3,933	59.4	715,814	61.9
Upper	12	11.7	2,062	13.9	2,075	31.3	372,983	32.3
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	103	100.0	14,856	100.0	6,625	100.0	1,155,917	100.0

NA*-Tracts without household or family income as applicable

As indicated by the preceding table, the bank and the aggregate reporters extended a larger volume of home purchase and refinance loans than home improvement and multi-family loans during 2011. Of the reported residential mortgage loan products, refinance loans were originated most frequently by CBT and the aggregate lenders although CBT's lending was more concentrated in refinance lending than the aggregate lenders. From a performance perspective, the bank's refinance performance lagged that of the aggregate lenders and is considered poor. The bank's home purchase performance is considered excellent, while its home improvement performance is considered reasonable.

During 2011 overall, the bank's residential mortgage lending in moderate-income census tracts (8.7%) lagged the proportion of owner-occupied housing units located in moderate-income census tracts (21.3%) but approximated the aggregate lending level (9.3%). The bank's performance during 2011 is considered reasonable.

During 2012, the bank reported originating 203 loans totaling \$34.6 million in the assessment area. Of these loans, seven (3.4%) totaling \$1.1 million were extended to low-income census tract residents, and 21 (10.3%) totaling \$2.2 million were made in moderate-income census tracts. According to demographic data based on the 2010 census, 5% and 12.7% of all owner-occupied housing units are located in low- and moderate-income census tracts within the assessment area, respectively. Comparing

2011 aggregate lending to demographic data based on the 2000 census suggests that the demographic data may tend to overstate the effective demand for credit from borrowers living in less affluent areas within the local community. In addition, 29.2% and 12.9% of low- and moderate-income census tract residents are below the poverty level, respectively. The high concentration of impoverished families in the low- and moderate-income census tracts also reduces the level of viable loan demand from residents of such areas. Given these factors, which are elements of performance context, the bank's 2012 HMDA lending performance is considered excellent.

The bank's overall HMDA geographic distribution performance is considered excellent and reflects the greater weight placed on the bank's performance during 2012 because of the comparatively larger volume of lending during that period.

Distribution of Small Business Loans by Income Level of Census Tract

Charlotte-Gastonia-Rock Hill, NC-SC MSA (2011)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	16	37.2	1,717	36.1	442	18.9	26,580	26.9
Middle	25	58.1	2,936	61.8	1,304	55.6	51,943	52.6
Upper	2	4.7	100	2.1	598	25.5	20,275	20.5
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	43	100.0	4,753	100.0	2,344	100.0	98,798	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 moderate-income tracts (37.2%) significantly exceeds both the proportion of area businesses located in moderate-income areas (20.6 %) and the aggregate level in such census tracts (18.9%). The bank's performance is considered excellent.

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.

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 Test (and if applicable, consideration of investments and services) 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 Test (and if applicable, consideration of investments and services) 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.