PUBLIC DISCLOSURE

May 9, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Anson Bank & Trust Co.

802174

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Wadesboro, North Carolina 28170

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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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 more than reasonable, given the bank's size, financial condition and assessment area credit needs.
- A majority of the bank's lending activity considered in the evaluation was extended to borrowers within the bank's assessment area.
- Lending to borrowers of different income levels and businesses of different sizes is considered reasonable for each loan product considered in the evaluation.
- The institution has not received any complaints regarding its CRA performance since the previous evaluation.

SCOPE OF EXAMINATION

The institution was evaluated using the interagency examination procedures developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures, residential mortgage loans reported by the institution under the Home Mortgage Disclosure Act (HMDA) during 2009 and 2010 were reviewed. In addition, based on the number of loans originated recently by the institution, small business loans were also identified as a primary credit product and considered in the evaluation. The analysis included all small business loans originated by the institution during the calendar year 2010.

DESCRIPTION OF INSTITUTION

Anson Bank & Trust Co. (ABT) operates a single branch office located Wadesboro, North Carolina. The bank is a subsidiary of Uwharrie Capital Corp, a multi-bank holding company that is headquartered in Albemarle, North Carolina. This evaluation considers only the activities of ABT and does not consider the activities of the bank's affiliates. ABT received a Satisfactory rating on its prior CRA evaluation by the FDIC dated February 20, 2007. No known legal impediments exist that would prevent the bank from meeting the credit needs of the assessment area.

As of March 31, 2011, ABT had $57.1 million in assets, of which 71.8% were net loans. Various loan and deposit products are available through the institution, including loans for residential mortgage, business, and consumer purposes. The following table reflects the composition of the bank's loan portfolio as of March 31, 2011 based on gross loans outstanding.

Composition of Loan Portfolio

Loan Type	3/31/2011	
	$(000s)	%
Secured by 1-4 Family dwellings	22,631	53.8
Multifamily	372	0.9
Construction and Development	3,375	8.0
Commercial & Industrial/ NonFarm NonResidential	11,735	27.9
Consumer Loans and Credit Cards	1,307	3.1
Agricultural Loans/ Farmland	2,151	5.1
All Other	510	1.2
Total	***42,081***	***100.0***

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

DESCRIPTION OF CHARLOTTE-GASTONIA-CONCORD, NC-SC MSA ASSESSMENT AREA

ABT's assessment area includes all of Anson County, North Carolina, which is a part of the Charlotte-Gastonia-Concord, NC-SC Metropolitan Statistical Area (MSA). Anson County is located in central North Carolina adjacent to South Carolina. While the bank will on occasion extend loans to borrowers from South Carolina, none of the bank's physical operations are located in South Carolina, and the bank has not included any of South Carolina in its assessment area. The bank has neither opened nor closed any branch offices since its prior CRA evaluation on February 20, 2007. As of June 2010, ABT ranked 3rd out of six financial institutions in local deposit market share according to data compiled by the FDIC. ABT holds 16% of the assessment area's deposits (credit union deposits are not included).

According to data from the 2000 census, the assessment area has a population of 25,275 and a median housing value of $60,357. The owner-occupancy rate of the assessment area equals 68.4%, which exceeds the statewide (61.6%) and MSA's (63.1%) rates. Within the assessment area, 15.5% of families are considered below the poverty level, while 9% of families in the state and 6.8% of families in the MSA are impoverished. The 2009 and 2010 median family incomes for the MSA equal $66,500 and $67,200, respectively. The following table includes pertinent demographic data from the assessment area.

Assessment Area Demographics

Charlotte-Gastonia-Concord NC-SC MSA									
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	2,498	37.2
Moderate	6	100.0	6,714	100.0	1,041	15.5	1,578	23.5
Middle	0	0.0	0	0.0	0	0.0	1,504	22.4
Upper	0	0.0	0	0.0	0	0.0	1,134	16.9
NA	0	0.0	0	0.0	0	0.0		
Total	*6*	*100.0*	*6,714*	*100.0*	*1,041*	*15.5*	*6,714*	*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	3,639	39.5
Moderate	6,991	100.0	9,213	100.0	1,746	19.0	1,905	20.7
Middle	0	0.0	0	0.0	0	0.0	1,848	20.1
Upper	0	0.0	0	0.0	0	0.0	1,821	19.8
NA	0	0.0	0	0.0	0	0.0		
Total	*6,991*	*100.0*	*9,213*	*100.0*	*1,746*	*19.0*	*9,213*	*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	808	100.0	711	100.0	44	100.0	53	100.0
Middle	0	0.0	0	0.0	0	0.0	0	0.0
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	*808*	*100.0*	*711*	*100.0*	*44*	*100.0*	*53*	*100.0*
Percentage of Total Businesses:				88.0		5.4		6.6

**NA-Tracts without household or family income as applicable*

Leading employment industries in the county include manufacturing, retail trade, and health care. Major area employers include Anson County (including the school system), North Carolina Department of Corrections, Anson Community Hospital, Hornwood (textile manufacturing), Anson Community College, Duff-Norton (mechanical component manufacturer), and Premiere Fibers (textile manufacturing). Recent and historical unemployment rates are included the following table.

Unemployment Rate Trend					
Geographic Area	March 2007	March 2008	March 2009	March 2010	March 2011
Anson County	7.4%	7.4%	14.6%	15.8%	12.1%
Charlotte-Gastonia-Concord, NC-SC MSA	4.3%	4.3%	11%	12.4%	10.5%
North Carolina	4.4%	5.2%	10.6%	11.5%	9.7%

As indicated in the preceding table, area unemployment rates appear to have peaked during 2010 and have most recently declined slightly. Despite the gradually improving unemployment rate trend, unemployment rates in the bank's assessment area remain high and were rising during much of the bank's evaluation period. Elevated area unemployment rates may adversely affect a bank's ability to extend credit as unemployed applicants often have diminished repayment capacity.

A community development official knowledgeable of the local market was contacted during the evaluation to further assist in the evaluation of the bank's CRA performance. The contact stated that local economic conditions are poor and are only gradually beginning to improve. High levels of unemployment and reduced spending by consumers and businesses were given as factors contributing to the slow economic recovery. The contact observed that two county programs, one offering grants and the other a micro-enterprise loan program, are an available means for banks to aid local economic development. The contact indicated that despite difficult economic conditions, area financial institutions are adequately serving the needs of the local market.

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. While residential mortgage loan (HMDA) data from calendar years 2009 and 2010 were analyzed and considered in the evaluation, unless noted otherwise, tables presenting HMDA lending reflect bank and aggregate data only for 2009. If the bank's performance during 2010 is not similar to that in 2009, pertinent additional performance information is provided regarding such performance. Area demographic and market aggregate data are used as proxies for demand when evaluating the bank's HMDA lending performance. Demographic data are from the 2000 census, while the HMDA aggregate data are from 2009.

All small business lending from calendar year 2010 is also considered in the analysis. Dun & Bradstreet (D&B) business data from 2010 and small business aggregate data from 2009 are considered when evaluating the bank's small business lending performance. Small business aggregate data from 2010 could not be included in the analysis, as the data are not yet available.

Primary consideration is given to the number (and corresponding percentage) of transactions when assessing lending performance for specific individual loan types. When considering all loan types to arrive at an overall conclusion, the level of performance for each type is weighted primarily by the comparative annual dollar volume that the loan type contributes to the overall activity considered in the evaluation. Within the bank's assessment area during 2010, the bank originated $7.8 million in HMDA loans and $4.8 million in small business loans. As a result, the HMDA loan performance is given comparatively more weight in the bank's overall lending performance. All conclusions also take into consideration relevant performance context factors.

Overall, the bank's performance is rated satisfactory. This rating considers the bank's loan-to-deposit ratio, level of lending in its assessment area, borrower distribution performance, and geographic distribution performance. Each of these components is discussed in the following sections.

Loan-To-Deposit Ratio

The bank's loan-to-deposit ratio, as of March 31, 2011, equaled 86.2% and averaged 90.3% for the seventeen-quarter period ending on that date. The quarterly average loan-to-deposit ratios for all banks headquartered in metropolitan areas of North Carolina and of similar asset size to ABT ranged from 68.9% to 98.8% for the same seventeen-quarter period. Since March 31, 2006 through March 31, 2011, the bank's loans, assets, and deposits have increased by 17.2%, 23.1% and 31.9% respectfully. The bank's loan-to-deposit ratio is considered more than reasonable given the institution's size, financial condition, and assessment area credit needs.

Lending In Assessment Area

The following table includes all HMDA loans reported from January 1, 2009 through December 31, 2010. It also includes all small business loans extended by the bank from January 1, 2010 through December 31, 2010.

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

Loan Type	Inside				Outside			
	#	%	$(000)	%	#	%	$(000)	%
Home Purchase	36	63.2	2,721	36.8	21	36.8	4,663	63.2
Home Improvement	6	85.7	217	59.5	1	14.3	148	40.5
Refinancing	97	78.9	10,564	67.9	26	21.1	5,001	32.1
Total HMDA related	***139***	***74.3***	***13,502***	***57.9***	***48***	***25.7***	***9,812***	***42.1***
Small Business*	51	94.4	4,784	89.3	3	5.6	572	10.7
TOTAL LOANS	***190***	***78.8***	***18,286***	***63.8***	***51***	***21.2***	***10,384***	***36.2***

**The number and dollar amount of loans reflects a sample of such loans originated during the evaluation period and does not reflect loan data collected or reported by the institution.*

As indicated in the preceding table, a majority of both the number and dollar amount of HMDA were originated within the bank's assessment area, while a substantial majority of small business loans were originated within the assessment area. Because the table includes HMDA data from a two-year period and small business data from only a single year (2010), it is important to consider the bank's HMDA lending during 2010. During 2010, the bank reported 102 HMDA loans totaling $12.9 million of which 82 (80.4%) totaling $7.8 million (60.4%) were within the bank's assessment area. Overall, a majority of the bank's lending considered in the evaluation was within the bank's assessment area.

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

The bank's borrower distribution performance is considered reasonable for both residential mortgage and small business lending within its assessment area.

Distribution of HMDA Loans by Income Level of Borrower

Charlotte-Gastonia-Concord NC-SC MSA (2009)								
Income Categories	Bank				Aggregate			
	#	%	$(000s)	% $	#	%	$(000s)	% $
	(12)		Home Purchase		(93)			
Low	2	16.7	53	7.1	25	26.9	1,726	19.8
Moderate	3	25.0	100	13.3	29	31.2	2,310	26.4
	(39)		Refinance		(198)			
Low	8	20.5	632	16.4	31	15.7	2,456	10.6
Moderate	6	15.4	417	10.8	53	26.8	4,969	21.5
	(1)		Home Improvement		(17)			
Low	0	0.0	0	0.0	8	47.1	199	39.9
Moderate	0	0.0	0	0.0	4	23.5	99	19.8
	(0)		Multi-Family		(0)			
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
			HMDA Totals					
Low	10	19.2	685	14.8	64	20.8	4,381	13.5
Moderate	9	17.3	517	11.1	86	27.9	7,378	22.8
Middle	20	38.5	2,013	43.4	86	27.9	9,974	30.8
Upper	13	25.0	1,428	30.8	72	23.4	10,620	32.8
Total	***52***	***100.0***	***4,643***	***100.0***	***308***	***100.0***	***32,353***	***100.0***
Unknown	*5*		*1,096*		*51*		*5,489*	

( ) represents the total number of bank loans for the specific Loan Purpose where income is known
Percentage's (%) are calculated on all loans where incomes are known

During 2009, refinance loans were extended most frequently by the bank and aggregate reporters. Consequently, the bank's refinance performance is given more weight when considering its overall performance. Because only a limited volume of home improvement and no loans for multi-family housing were reported, these loan types were not a factor in the analysis.

When considering ABT's performance by loan type, ABT's refinance lending is considered excellent for low-income borrowers and poor for moderate-income borrowers, resulting in a reasonable performance based, in large part, on the strength of the bank's low-income lending performance. While the bank's moderate-income borrower performance is stronger than its low-income borrower performance for home purchase loans, each is considered reasonable.

When considering the bank's overall performance during 2009, lending to low-income borrowers (19.2%) was less than the percentage of low-income families in the assessment area (37.2%) but comparable to the proportion of aggregate lending to such borrowers (20.8%). The bank's level of lending to moderate-income borrowers (17.3%) lags both the percentage of moderate-income borrowers in the assessment area (23.5%) and aggregate lending to such borrowers (27.9%). The bank's performance during 2009 is considered reasonable overall and reflects the strength of the bank's low-income borrower performance.

During 2010, ABT extended a similar percentage of loans to low-income borrowers as it had in 2009 but a higher percentage of loans, 19 (23.8%), totaling $1.5 million (19.4%), to moderate-income borrowers. Considering market aggregate from 2009 as an element of performance context, because the 2010 aggregate is not yet available, the bank's lending performance during 2010 is also reasonable.

Distribution of Lending by Loan Amount and Size of Business

Charlotte-Gastonia-Concord NC-SC MSA (2010)								
	Bank				Aggregate*			
by Revenue	#	%	$(000s)	% $	#	%	$(000s)	% $
$1 Million or Less	44	86.3	4,245	88.7	NA	NA	NA	NA
Over $1 Million	7	13.7	539	11.3	NA	NA	NA	NA
Unknown	*0*	*0.0*	*0*	*0.0*	NA	NA	NA	NA
by Loan Size								
$100,000 or less	36	70.6	1,373	28.7	NA	NA	NA	NA
$100,001-$250,000	10	19.6	1,679	35.1	NA	NA	NA	NA
$250,001-$1 Million	5	9.8	1,732	36.2	NA	NA	NA	NA
Total	***51***	***100.0***	***4,784***	***100.0***	***NA***	***NA***	***NA***	***NA***

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

According to recent D&B data, 88% of all local businesses have revenues that do not exceed $1 million per year. From a performance context perspective, during 2009, 38.6% of aggregate small business loans were to businesses with annual revenues of $1 million or less. The remaining loans were to businesses that either had revenues exceeding $1 million or the revenues were unknown.

Within the bank's market area, a large volume of small business lending activity was reported by specialized lenders who typically originate small business loans in the form of credit cards. These loans tend to be much smaller in size than traditional small business loans, and for a substantial majority of such loans revenue is not reported. The presence of these lenders produces 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.

After excluding the specialty lenders, 81.3% of the small business loans originated in 2009 by the remaining traditional bank lenders were to businesses having annual revenues of $1 million or less. Overall, in the context of both the D&B data and available aggregate data, the bank's level of lending to small businesses (86.3%) is considered to be reasonable.

Geographic Distribution of Loans

The Anson County assessment area only includes moderate-income census tracts. A geographic distribution analysis cannot be performed.

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 refinancing 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.