

PUBLIC DISCLOSURE

March 6, 2006

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

First Charter Bank

45627

10200 David Taylor Drive

Charlotte, North Carolina 28262-2373

**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 RATING

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

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

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

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

Major factors supporting the institution's rating include:

- Overall lending activity is consistent with the bank's capacity and market presence.
- A substantial majority of the institution's Home Mortgage Disclosure Act (HMDA), small business, and small farm loans were originated within the bank's assessment areas.
- While the geographic and borrower distribution of loan products in the markets reviewed using the examination procedures varied, overall the performance is considered good.
- The level of qualified community development investments is considered adequate relative to available opportunities and bank capacity.
- Delivery systems and branch locations are reasonably accessible to all segments of the assessment areas reviewed.
- An adequate level of community development services was identified.

DESCRIPTION OF INSTITUTION

First Charter Bank (FCB) operates 58 full-service branches and two limited-service facilities throughout North Carolina. Headquartered in Charlotte, North Carolina, the institution is a wholly-owned subsidiary of First Charter Corporation, a single-bank holding company also located in Charlotte. FCB and its holding company own several subsidiary companies. None of the subsidiary companies extend credit on a direct basis, and this evaluation considers only the activities of the bank. The bank's previous CRA rating was Satisfactory.

As of December 31, 2005, the bank had assets totaling \$4.2 billion, of which 69.3% are loans and 20.3% are securities. The loan portfolio, as of this date, was comprised of 47.6% commercial real estate and farm, 41.9% one- to four-family residential real estate secured, 7.5% commercial and agriculture, 2.6% consumer, and .3% other. As of December 31, 2005, deposits totaled approximately \$2.9 billion. From December 31, 2003, through December 31, 2005, bank assets, loans, and deposits increased by .7%, 31%, and 16.1%, respectively.

During the majority of the evaluation period, the bank served four assessment areas located in southern and central North Carolina. Two of the assessment areas are located within metropolitan statistical areas (MSAs), while the remaining two markets are located in nonmetropolitan areas of the state. Additionally, the bank recently opened four branch offices within the Raleigh-Cary MSA. One of these offices was opened in October 2005 and the remaining three in 2006. With the addition of these branch offices, the bank will serve five assessment areas. However, this evaluation includes activity relating only to the four assessment areas detailed in the chart below, as the bank had no presence in the Raleigh market for a substantial majority of the evaluation period.

Assessment Area Name	County	Geographies Included
Asheville, NC MSA	Buncombe	0030.01 - 0032.00
Charlotte-Gastonia-Concord NC-SC MSA	Cabarrus	All
	Gaston	All
	Mecklenburg	All
	Union	All
Nonmetropolitan Central	Alleghany	All
	Ashe	All
	Avery	All
	Cleveland	All
	Iredell	602.00-604.00;612.00-616.00
	Lincoln	All
	McDowell	All
	Rowan	All
	Rutherford	All
Watauga	All	
Nonmetropolitan Western	Jackson	All
	Swain	All
	Transylvania	All

The Asheville MSA, Charlotte-Gastonia-Concord MSA, and the nonmetropolitan central markets are contiguous to each other. Although the nonmetropolitan western market shares a border with Buncombe County of the Asheville MSA, it does not share a boundary with the tracts within Buncombe County that are in the bank's assessment area.

Based on its financial capacity, there are no significant limitations on the bank's ability to meet credit needs within the communities it serves.

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, HMDA and small business lending activity reported by the institution from January 1, 2004, through December 31, 2005, was reviewed. This includes all loans originated and purchased by FCB during this time period except for small farm loans. The limited volume of small farm loans reported (ten) does not warrant analysis. Since none of the bank's affiliates and/or subsidiaries extend credit, only FCB's activities are considered for the evaluation. Qualified community development loans and services are also considered for the period from February 2, 2004, through December 31, 2005. All qualified investments outstanding as of the examination date were also considered regardless of when made.

Ratings for the lending, investment, and service tests are assigned to the institution overall based on performance in assessment areas subject to the FFIEC's full-scope evaluation process. Because of their relative sizes, determined by loan activity, proportion of bank deposits, and market population, the Charlotte-Gastonia-Concord MSA and nonmetropolitan central assessment areas were subjected to the full-scope evaluation process. All other assessment areas were reviewed utilizing the limited-scope evaluation procedures, which require a determination as to whether performance was consistent with the assigned overall institution rating. According to the FFIEC procedures, lending test performance accounts for half of the overall rating, while the investment and service tests are equally weighted accounting for 25% each of the overall rating.

When evaluating lending performance for specific loan types, primary consideration is given to the number (and corresponding percentage) of transactions. The institution's overall rating is based on the performance of each loan category, and primary consideration is given to the dollar volume each category contributes to the overall activity considered in the evaluation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

An analysis of lending for the review period is discussed in greater detail later in this evaluation for assessment areas receiving a full-scope review. The analyses contain tables about the bank's performance for loans reported in 2004. Though tables are not presented for 2005 performance, a statement as to whether that performance is consistent with 2004 is included.

The lending test is rated high satisfactory overall based on lending activity, distribution of loans, and community development lending. Area demographic data, Dun & Bradstreet (D&B) business data, and market aggregate information are used as proxies for demand when evaluating the bank's performance. Aggregate data includes FCB and all other reporting institutions that originated and/or purchased loans of the type considered within the bank's assessment areas. D&B business data is from 2005 and the small business and HMDA aggregate data are from calendar year 2004. Demographic data is from the 2000 census and based on the 2004 MSA compositions.

Throughout the bank's market areas, a high level of small business lending activity is noted for specialized lenders that tend to 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. Because of the volume of such reported small business lending, comparisons to traditional bank lenders were given consideration in addition to comparisons to the overall aggregate level of lending.

Lending Activity:

Various loan products are available through the institution including consumer, residential mortgage, home equity, small business, and commercial loans. A bank's loan-to-deposit ratio is one measure of its lending relative to its capacity. The bank's quarterly loan-to-deposit ratio for the eight-quarter period ending December 31, 2005, averaged 95.2% and ranged from 88.9% to 102.1%. During the same time period, the average of quarterly loan-to-deposit ratios of the national peer group was 90%, and ranged from 88.3% to 93.5%. The national peer group is defined as all insured commercial banks having assets greater than \$3 billion. First Charter's loan-to-deposit ratio, as of December 31, 2005, equaled 102.1%. No barriers to the bank's ability to lend were noted.

Assessment Area Concentration:

The institution is required to collect small business and small farm data under the Community Reinvestment Act's Regulation BB and to collect residential mortgage data under the HMDA's Regulation C. The following table depicts FCB's small business, small farm, and HMDA lending inside and outside of its assessment areas. The table is based on all reported loan data, including originations and purchases, regardless of location from January 1, 2004, through December 31, 2005.

Lending Inside and Outside the Assessment Areas								
	Inside				Outside			
	#	%	\$('000s)	%	#	%	\$('000s)	%
HMDA home purchase	1,070	80.3%	\$174,951	72.7%	263	19.7%	\$65,565	27.3%
HMDA refinancings	1,369	87.1%	\$210,401	84.7%	202	12.9%	\$38,096	15.3%
HMDA home improvement	203	91%	\$4,137	88.1%	20	9%	\$558	11.9%
HMDA multifamily	2	66.7%	\$913	17.3%	1	33.3%	\$4,365	82.7%
Total HMDA-related	2,644	84.5%	\$390,402	78.2%	486	15.5%	\$108,584	21.8%
Total small business	2,004	88.2%	\$326,669	87.2%	268	11.8%	\$47,869	12.8%
Total small farm	10	100%	\$1,183	100%	0	0%	\$0	0%
TOTAL LOANS	4,658	86.1%	\$718,254	82.1%	754	13.9%	\$156,453	17.9%

As indicated above, a substantial majority of the number and dollar amounts of loans have been provided to assessment area residents. Overall, the percentage of loans made within the assessment areas is considered highly responsive to community credit needs.

No barriers to the bank's ability to lend were noted and lending activity is considered good relative to the bank's capacity and area economic conditions.

Geographic and Borrower Distribution:

When evaluating the geographic and borrower distribution for a specific loan category (HMDA, small business, and small farm) later in this evaluation, primary emphasis is placed on the number of loans originated or purchased. To arrive at an overall conclusion regarding the distribution of lending, performance in each loan category is then weighted primarily by dollar volume of loan category. Overall, the bank's performance in providing loans to borrowers and businesses of different income and revenue levels is considered good and is relatively consistent during 2004 and 2005.

Community Development Lending:

FCB made an adequate level of community development loans during the review period. The bank's community development lending was comprised of 14 loans totaling over \$5 million. Thirteen of the loans were extended in conjunction with the Community Investment Corporation of North Carolina (CICNC). CICNC is a statewide affordable housing loan consortium that exists to provide a source of long-term permanent financing for low- and moderate-income multifamily housing developments throughout the state of North Carolina. The loan proceeds also often serve to redevelop and stabilize low- and moderate-income areas. Although the majority of loans extended were to borrowers residing outside of the bank's specific assessment areas, the loans, nonetheless, benefit residents of the statewide area. The remaining transaction was extended within a designated underserved middle-income census tract.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated low satisfactory. As of the date of the evaluation, FCB held approximately \$4 million in qualified investments. Currently (December 31, 2005), the institution has \$4.2 billion in total assets, of which approximately \$855 million were securities. All of the qualified investments, with the exception of contributions, benefit the statewide or regional area that includes the bank's assessment areas. Qualified community development investments consist of the following:

- A total of \$2.65 million equity investment commitments, of which \$1.73 million has been funded and is currently outstanding, in the CapitalSouth Funds I and II. CapitalSouth Partners, LLC, operates a licensed small business investment company (SBIC) that utilizes the proceeds of the funds. SBICs are privately owned investment firms that are licensed and regulated by the SBA and provide venture capital to small businesses. CapitalSouth's market area includes the Mid-Atlantic region and central southern states.

- A \$1 million equity investment commitment, of which \$800,000 has been funded and is currently outstanding, with FrontierCapital's Frontier Fund I. FrontierCapital operates a SBIC with a market area that includes the Mid-Atlantic region and focuses on Northern Virginia, Raleigh, Charlotte, and Atlanta.
- A \$1 million equity investment commitment, of which \$675,000 has been funded and is currently outstanding, with the Banyan Mezzanine Fund. The fund, which operates a SBIC, focuses on a market area that targets Florida, Georgia, Alabama, and North and South Carolina.
- A \$500,000 equity investment commitment, of which \$250,000 has been funded and is currently outstanding, in the Triangle Mezzanine Fund. The fund operates a SBIC having a market area including the Mid-Atlantic region and central southern states.
- A commitment to invest \$1 million in one of the Community Affordable Housing Equity Corporation's equity funds. Thus far, \$500,000 has been funded and is currently outstanding. The fund invests in low-income housing tax credit (LIHTC) projects that predominately provide for multifamily housing and in some cases historic rehabilitation. The fund the bank has invested in undertakes projects within a multistate area including North Carolina.

During the evaluation period, the bank contributed in excess of \$57,000 to a variety of organizations that primarily assist low- and moderate-income residents or promote community development in low- and moderate-income areas. Investments specific to the Charlotte assessment area, consisting entirely of a portion of the noted qualified donations, are discussed later in this evaluation.

SERVICE TEST

The bank's overall performance under the service test is rated low satisfactory based on an evaluation of the provision of retail and community development services in the Charlotte MSA and nonmetropolitan central assessment areas as discussed in detail later in this evaluation. Access to bank services is considered reasonable and the availability of products and services does not vary among the bank's branches.

FCB also adequately supports community development organizations that provide community development services in its assessment areas and on a statewide and larger regional basis. During the evaluation period, specific activities that benefit the statewide and larger regional area included members of executive management serving on the advisory boards of four SBICs. The advisory boards provide management assistance on a variety of issues to the businesses receiving capital injections from the SBICs. Activities specific to each assessment area are discussed later in this evaluation.

As required by the Federal Deposit Insurance Corporation Improvement Act of 1991, FCB has adopted a branch closing policy.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No credit practices inconsistent with the substantive provisions of the fair housing and fair lending laws and regulations were identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

METROPOLITAN AREAS

(For metropolitan areas with some or all assessment areas reviewed using the full-scope examination procedures)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CHARLOTTE-GASTONIA-CONCORD, NORTH CAROLINA-SOUTH CAROLINA MSA ASSESSMENT AREA

This assessment area includes all of Cabarrus, Gaston, Mecklenburg, and Union Counties, North Carolina. Although the MSA includes Anson County, North Carolina and York County, South Carolina, the assessment area does not, as the institution does not have branch offices in these counties. According to census data from 2000, the assessment area has a population of over 1.1 million and an area median housing value of \$123,305. The market owner-occupancy rate, 62.4%, slightly exceeds the North Carolina state average of 61.6% and is below the MSA rate of 63.1%. The area family poverty rate of 6.6% is below both the state average of 9% and the MSA rate of 6.8%. In the MSA, the estimated median family income for both 2004 and 2005 is \$62,500.

The following table provides demographic data for the assessment area by the income levels of area families and revenue amount of businesses. The distribution of families and businesses among geographies of varying income levels is also included.

Charlotte - Gastonia (MA 16740) ASSESSMENT AREA DEMOGRAPHICS									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty as a % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low	15	6.6	9,087	3.0	2,781	30.6	55,865	18.5	
Moderate	57	25.2	60,361	20.0	7,319	12.1	54,378	18.0	
Middle	95	42.0	146,750	48.7	7,967	5.4	68,274	22.6	
Upper	58	25.7	85,368	28.3	1,750	2.0	123,049	40.8	
NA	1	0.4	0	0.0	0	0.0	0	0.0	
Total	226	100.0	301,566	100.0	19,817	6.6	301,566	100.0	
			Housing Types by Tract						
	Housing Units by Tract	Owner Occupied		Rental		Vacant			
		#	%	#	%	#	%	#	%
Low	14,757	3,707	1.3	25.1	9,532	64.6	1,518	10.3	
Moderate	101,542	47,895	16.3	47.2	46,745	46.0	6,902	6.8	
Middle	226,950	148,471	50.6	65.4	65,217	28.7	13,262	5.8	
Upper	126,916	93,155	31.8	73.4	25,539	20.1	8,222	6.5	
NA	0	0	0.0	0.0	0	0.0	0	0.0	
Total	470,165	293,228	100.0	62.4	147,033	31.3	29,904	6.4	
			Businesses by Tract and Revenue Size						
	Total Businesses by Tract		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported		
			#	%	#	%	#	%	#
Low	1,978	3.9	1,597	3.7	319	6.2	62	3.9	
Moderate	9,412	18.6	8,073	18.5	1,019	19.7	320	20.3	
Middle	22,467	44.5	19,416	44.4	2,351	45.4	700	44.3	
Upper	16,568	32.8	14,601	33.4	1,476	28.5	491	31.1	
NA	69	0.1	51	0.1	12	0.2	6	0.4	
Total	50,494	100.0	43,738	100.0	5,177	100.0	1,579	100.0	
			Percentage of Total Businesses:		86.6		10.3		3.1
			Farms by Tract and Revenue Size						
	Total Farms by Tract		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported		
			#	%	#	%	#	%	#
Low	7	1.4	7	1.4	0	0.0	0	0.0	
Moderate	31	6.1	30	6.0	1	10.0	0	0.0	
Middle	378	73.8	370	73.7	8	80.0	0	0.0	
Upper	96	18.8	95	18.9	1	10.0	0	0.0	
NA	0	0.0	0	0.0	0	0.0	0	0.0	
Total	512	100.0	502	100.0	10	100.0	0	0.0	
			Percentage of Total Farms:		98.0		2.0		0.0

Sources: 2000 Census Data, 2005 Dun & Bradstreet business demographic data.

The greater Charlotte area benefits from a diverse economy and includes major employers such as Bank of America Corporation, Wachovia Corporation, Carolinas HealthCare System, Duke Energy Corporation, Charlotte-Mecklenburg Schools, and US Airways. Various state and municipal agencies also provide a large number of employment opportunities. Recent area unemployment rates are included in the following table.

As of January 2006	
Cabarrus County	4%
Gaston County	5.7%
Mecklenburg County	4.3%
Union County	3.6%
State of North Carolina	4.3%

The bank operates 31 full-service branches, two limited-service facilities, and 44 remote automated teller machines (ATMs) within this market area. As of June 30, 2005, FCB ranked fourth in deposit market share having 2.8% of the assessment area's available FDIC-insured deposits (credit union deposits are not included). The market is dominated by Bank of America and Wachovia, that together hold 82.1% of the deposit market share. According to 2004 aggregate data, FCB ranked 14th in reported small business lending with a 1.8% market share and ranked 34th in reported residential mortgage loans with a .8% market share. Both market share rankings consider originated and purchased loans.

A community contact was made within the Charlotte MSA during the examination to discuss local economic conditions and community credit needs. The contact indicated that local financial institutions actively support the local community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CHARLOTTE-GASTONIA-CONCORD, NORTH CAROLINA-SOUTH CAROLINA MSA ASSESSMENT AREA

LENDING TEST

While four small farm loans totaling \$538,000 were extended during the review period within this assessment area, these loans are not included in the following analysis. Analysis of such a small volume of loans would not yield meaningful information.

Lending Activity:

Bank lending activity within this assessment area (70% of the total number and 76.9% of the dollar volume of loans extended during the review period) is generally consistent with the percentage of deposits (75.7%) and branch offices (57.4%) in the assessment area and is considered good.

Geographic Distribution:

The following tables present data about the bank's lending, and discussion of performance follows each table.

Distribution of HMDA Loans by Income Level of Geography

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	6	72	420	407	905
Percentage of Total Loans	0.7%	8%	46.3%	45%	100%
Total Amount of Loans (000's)	\$1,105	\$9,255	\$55,897	\$84,105	\$150,362
Percentage of Total Amount	0.7%	6.2%	37.2%	55.9%	100%

The bank's level of lending in low-income areas (0.7%) is comparable to both the 2004 aggregate level of lending (1.1%) and the percentage of owner-occupied housing units in low-income areas (1.3%). The bank's performance in moderate-income areas (8%) is also reasonably comparable to the 2004 aggregate level in these areas (12.4%), but is less than the percentage of owner-occupied housing units in moderate-income areas (16.3%). The bank's 2005 performance in moderate-income areas improved to 11.6% while its 2005 lending in low-income areas is nearly identical to its 2004 level (.8%). The bank's level of performance is considered adequate.

Distribution of Small Business Loans by Income Level of Geography

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	23	101	346	203	673
Percentage of Total Loans	3.4%	15%	51.4%	30.2%	100%
Total Amount of Loans (000's)	\$5,904	\$16,388	\$55,155	\$32,712	\$110,159
Percentage of Total Amount	5.4%	14.9%	50.1%	29.6%	100%

D&B data from 2005 indicates that 3.9% and 18.6% of all area businesses are located in low- and moderate-income census tracts, respectively. Of all lenders reporting small business loans in the assessment area for 2004 (where the borrower's geography was known), 3.6% of loans were to businesses in low-income tracts and 16.7% were to businesses located in moderate-income tracts. As shown in the preceding table, in 2004, bank lending to businesses in both low- and moderate-income tracts was comparable to the demand proxies. FCB's performance in 2005 is substantially similar to its performance in 2004. The bank's penetration of low- and moderate-income areas reflects a good distribution of small business loans.

The overall geographic loan distribution within this assessment area is considered adequate given the institution's size, branch locations, and the effective demand for credit.

Distribution by Borrower Income and Revenue Size of the Business:

Distribution of HMDA Loans by Income Level of Borrower

For calendar year 2004, the bank reported a total of 905 HMDA loans within the assessment area; however, 17 of these loans did not contain income data and are excluded from the following analysis.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	110	206	196	376	888
Percentage of Total Loans	12.4%	23.2%	22.1%	42.3%	100%
Total Amount of Loans (000's)	\$8,999	\$22,208	\$27,253	\$87,172	\$145,632
Percentage of Total Amount	6.2%	15.2%	18.7%	59.9%	100%

Demographic data from the 2000 census indicates that within the assessment area 18.5% and 18% of families are low- and moderate-income, respectively. According to 2004 aggregate HMDA data, in instances where borrower income was known, 10.9% of loans extended were to low-income and 24.2% were to moderate-income borrowers. The bank's HMDA lending to low- and moderate-income borrowers (12.4% and 23.2%, respectively) is comparable to demand proxies. The bank's 2005 performance is nearly identical to its 2004 performance. The bank's lending to borrowers of different income levels is considered good.

Distribution of Lending by Loan Amount and Size of Business

Twenty-four of the fiscal year 2004 small business loans reported did not contain revenue information and are excluded from the following table.

	\$0 - \$100,000		>\$100,000 to \$250,000		>\$250,000		Total	
Revenues ≤ \$1 Million	278	42.8%	80	12.3%	61	9.4%	419	64.6%
Revenues > \$1 Million	101	15.6%	66	10.2%	63	9.7%	230	35.4%
Total	379	58.4%	146	22.5%	124	19.1%	649	100%

According to aggregate small business data, of all loans reported (originated and purchased) in 2004, 34.4% were to businesses with annual revenues of \$1 million or less. Data on the ten largest traditional bank reporters was also considered in addition to the overall aggregate. According to the 2004 data, 52.8% of the selected peer group's reported small business loans were to businesses having revenues of \$1 million or less. Revenues were either unknown or in excess of \$1 million for the remaining portion of loans. D&B data indicates that 86.6% of all local businesses have revenues that do not exceed \$1 million per year. In 2004, 64.6% of FCB's small business loans were to businesses with annual revenues of \$1 million or less. The bank's level of lending is considered good and the performance during 2005 was substantially similar.

Overall, the distribution of loans to borrowers of different income levels and to businesses of different sizes is considered good using aggregate data and area demographics as proxies for demand.

Community Development Lending:

As noted previously, the extent of the bank's community development lending consists primarily of loans extended in conjunction with a community development organization that serves the statewide area that includes this assessment area. Though none of these loans was within this particular assessment area, the level of community development lending is considered adequate.

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

INVESTMENT TEST

As previously noted, the bank has qualified community development investments totaling approximately \$4 million and commitments to fund an additional \$2.2 million. These investments facilitate housing for low- and moderate-income residents of North Carolina and provide for microenterprise development in a regional area that includes this assessment area. In addition, charitable donations in excess of \$56,000 that are considered qualified community development investments have been made within this assessment area.

When considering investment opportunities, market presence, and benefit to the local community, FCB's level of qualified investments is adequate.

SERVICE TEST

Within this assessment area, FCB's performance under the service test is considered adequate. Systems for delivering retail-banking services are reasonably accessible to essentially all portions of the assessment area, including low- and moderate-income areas. Also, FCB and its employees have participated in several community development projects.

Retail Services:

Delivery systems are reasonably accessible to all portions of the assessment area. Automated teller machines are available and, through a network, provide customers with 24-hour nationwide access. Bank-by-mail and bank-by-computer services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system.

The institution has 31 full-service branches, 44 remote ATMs, and two limited-service facilities within this assessment area. Two of the full service branches (6.5%) and six remote ATMs (13.6%) are located in moderate-income census tracts. Additionally, one of the limited-service facilities is located in a moderate-income census tract. Branch locations and business hours are considered convenient and meet the needs of the assessment area. The distribution of branches is adequate when considering that according to 2000 census data, 3% and 20% of the assessment area's families reside in low- and moderate-income areas, respectively.

Community Development Services:

As previously noted, executive officers of the bank served on four SBIC advisory boards during the evaluation period. The advisory boards provide management and other assistance to businesses involved with the SBICs. The SBICs operate within multistate areas that include the State of North Carolina and this assessment area.

Other community development service activities specific to this assessment area include the following:

- FCB continues to fulfill a three-year agreement (commencing August 2003) to serve as a "covenant bank" with the Central Carolinas Collective Banking Group (CCCBG). The CCCBG consists of approximately 27 Charlotte regional area churches. As a "covenant bank," FCB routinely provides financial management seminars to interested members of the collective

churches. Additionally, certain bank loan products are priced at a discount and certain deposit products are paid at a premium benefiting CCCBG members. Low- and moderate-income individuals and families are the targeted beneficiaries of this program.

- A bank employee serves as treasurer and board member of a community free clinic which provides health care to area residents, many of whom are low- and moderate-income.
- A bank representative serves as board member for the Charlotte Small Business Enterprise Fund which helps aid microenterprise in the area.
- An employee was a guest speaker at the Ben Craig Center, a business incubator at the University of North Carolina-Charlotte.

METROPOLITAN AREAS

(For each metropolitan area where the assessment areas were not reviewed using the full-scope examination procedures)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE ASHEVILLE, NORTH CAROLINA (MSA) ASSESSMENT AREA

The Asheville MSA assessment area was reviewed using the limited review examination procedures. Information detailing the composition of the assessment area is included in the **DESCRIPTION OF INSTITUTION** section of this report. Information pertaining to assessment area loan volume, branches, and deposit volume is included in **APPENDIX C** of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ASHEVILLE, NORTH CAROLINA (MSA) ASSESSMENT AREA

The following table indicates for each test whether performance in the assessment area was generally below, consistent with, or exceeded performance of FCB overall. The lending within this assessment area was below the bank's overall lending test performance. However, with only 27 loans extended within this market, a meaningful conclusion could not be reached and this performance does not impact the bank's overall rating. Facts and data reviewed for the Asheville MSA assessment area, including performance and demographic information, can be found in **APPENDIX B** of this report. While all lending during the review period was considered, only lending information for 2004 is included in the appendix since there was no significant difference in the overall assessment of lending performance for the two years. Reference to 2005 lending is provided for clarity as warranted. Conclusions regarding performance are as follows:

Assessment Area	Lending Test	Investment Test	Service Test
Asheville MSA	Below	Consistent	Consistent

NONMETROPOLITAN AREA

(For nonmetropolitan areas with some or all assessment areas reviewed using the full-scope examination procedures)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NONMETROPOLITAN CENTRAL, NORTH CAROLINA ASSESSMENT AREA

This assessment area includes all of Alleghany, Ashe, Avery, Cleveland, Lincoln, McDowell, Rowan, Rutherford, and Watauga Counties, North Carolina. It also includes tracts 602.00-604.00 and 612.00-616.00 of Iredell County. According to census data from 2000, the assessment area has a population of 556,036 and an area median housing value of \$86,054. The market owner-occupancy rate, 64.1%, exceeds the North Carolina State average of 61.6% and the MSA rate of 62.7%. The area family poverty rate of 8.6% is below the state average of 9% and the MSA rate of 11.3%. In the nonmetropolitan areas of North Carolina, the estimated median family income for both 2004 and 2005 is \$46,100.

The following table provides demographic data for the assessment area by the income levels of area families and revenue amount of businesses. The distribution of families and businesses among geographies of varying income levels is also included.

Non-Metro Central ASSESSMENT AREA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	26,571	17.2
Moderate	13	11.9	10,810	7.0	2,015	18.6	27,250	17.6
Middle	82	75.2	119,445	77.3	10,336	8.7	35,282	22.8
Upper	14	12.8	24,318	15.7	982	4.0	65,470	42.4
Total	109	100.0	154,573	100.0	13,333	8.6	154,573	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	18,575	8,977	5.6	48.3	7,466	40.2	2,132	11.5
Middle	191,582	125,331	78.0	65.4	40,397	21.1	25,854	13.5
Upper	40,591	26,318	16.4	64.8	7,517	18.5	6,756	16.6
Total	250,748	160,626	100.0	64.1	55,380	22.1	34,742	13.9
	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	1,877	8.5	1,617	8.2	200	13.2	60	7.8
Middle	15,034	68.4	13,545	68.8	908	59.9	581	75.1
Upper	5,072	23.1	4,532	23.0	407	26.9	133	17.2
Total	21,983	100.0	19,694	100.0	1,515	100.0	774	100.0
Percentage of Total Farms:			89.6		6.9		3.5	
	Total Farms 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	15	2.6	14	2.5	1	5.9	0	0.0
Middle	521	88.6	505	88.4	16	94.1	0	0.0
Upper	52	8.8	52	9.1	0	0.0	0	0.0
Total	588	100.0	571	100.0	17	100.0	0	0.0
Percentage of Total Farms:			97.1		2.9		0.0	

Sources: 2000 Census Data, 2005 Dun & Bradstreet business demographic data.

The primary employers within this assessment area are the school systems and area healthcare facilities within each county. There are also two universities, Gardner-Webb University and Appalachian State University, within the market that employ many area residents. In addition to the education and healthcare employers, several national retailers and grocers have a significant employment presence within the region including Walmart, Lowe's, and Target. This assessment area also has a significant manufacturing base with large area employers including Leviton Manufacturing, Ethan Allen, PPG Industries, Timken, National Textiles LLC, Baxter Healthcare, and Freightliner of Cleveland. Recent area unemployment rates are included in the following table.

January 2006 Unemployment Rates			
Alleghany	5.9%	Lincoln	5.1%
Ashe	6.2%	McDowell	6.3%
Avery	5.5%	Rowan	4.7%
Cleveland	6.8%	Rutherford	8.7%
Iredell	4.4%	Watauga	3.4%

The bank operates 19 full-service branches and 16 remote ATMs within this market area. As of June 30, 2005, FCB ranked fourth in deposit market share having 8.1% of the assessment area's available FDIC insured deposits (credit union deposits are not included). According to 2004 aggregate data, FCB ranked 16th in reported small business lending with a 1.8% market share and ranked 18th in reported residential mortgage loans with a 1.3% market share. Both market share rankings consider originated and purchased loans.

A community contact was made within the market during the examination to discuss local economic conditions and community credit needs. The contact indicated that local financial institutions actively supported the local community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NONMETROPOLITAN CENTRAL, NORTH CAROLINA ASSESSMENT AREA

LENDING TEST

While six small farm loans totaling \$645,000 were extended during the review period within this assessment area, these loans are not included in the following analysis. Analysis of such a small volume of loans would not yield meaningful information.

Lending Activity:

Bank lending activity within this assessment area (27.2% of the total number and 21.2% of the dollar volume of loans extended during the review period) is generally consistent with the percentage of deposits (21.3%) and branch offices (35.2%) in the assessment area and is considered good.

Geographic Distribution:

The following tables present data about the bank's lending and discussion of performance follows each table. There are no low-income census tracts within the assessment area.

Distribution of HMDA Loans by Income Level of Geography

	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	10	276	116	402
Percentage of Total Loans	2.5%	68.7%	28.8%	100%
Total Amount of Loans (000's)	\$864	\$25,489	\$24,588	\$50,941
Percentage of Total Amount	1.7%	50%	48.3%	100%

The bank's level of lending in moderate-income areas (2.5%) is lower than both the 2004 aggregate level (4.3%) and the percentage of owner-occupied housing units (5.6%) in moderate-income tracts. This level of lending is considered adequate. The bank's performance in moderate-income tracts in 2005 improved to 3.8% which compares more favorably with the 2004 aggregate. Overall, the bank's performance within moderate-income areas during the review period is considered adequate.

Distribution of Small Business Loans by Income Level of Geography

	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	4	211	73	288
Percentage of Total Loans	1.4%	73.3%	25.3%	100%
Total Amount of Loans (000's)	\$125	\$19,313	\$12,774	\$32,212
Percentage of Total Amount	0.4%	60%	39.6%	100%

D&B data from 2005 indicates that 8.5% of all area businesses are located in moderate-income census tracts. Of all lenders reporting small business loans in the assessment area for 2004, 7.4% of loans were to businesses located in moderate-income tracts. As shown in the preceding table, in 2004, bank lending to businesses in moderate-income areas was only 1.4%. FCB's performance in 2005 is substantially similar to its 2004 performance. Overall, the bank's penetration of moderate-income areas reflects a poor distribution of small business loans.

Overall, the bank's level of lending in low- and moderate-income areas reflects an adequate distribution.

Distribution by Borrower Income and Revenue Size of the Business:

Distribution of HMDA Loans by Income Level of Borrower

For calendar year 2004, the bank reported a total of 402 HMDA loans within the assessment area; however, two of these loans did not contain income data and are excluded from the following analysis.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	33	73	101	193	400
Percentage of Total Loans	8.3%	18.2%	25.2%	48.3%	100%
Total Amount of Loans (000's)	\$1,165	\$5,571	\$9,264	\$34,508	\$50,508
Percentage of Total Amount	2.3%	11%	18.3%	68.4%	100%

Demographic data from the 2000 census indicates that within the assessment area, 17.2% and 17.6% of families are low- and moderate-income, respectively. According to 2004 aggregate HMDA data, in instances where borrower income was known, 6.2% of loans extended were to low-income and 17.4% were to moderate-income borrowers. Relative to the proxies for demand, the bank's lending to low- and moderate-income borrowers is considered good. The bank's performance during 2005 also reflects a more than satisfactory level of lending to borrowers of differing income levels.

Distribution of Lending by Loan Amount and Size of Business

Eleven of the 2004 small business loans reported did not contain revenue information and are excluded from the following table.

	\$0 - \$100,000		>\$100,000 to \$250,000		>\$250,000		Total	
Revenues ≤ \$1 Million	153	55.2%	23	8.3%	18	6.5%	194	70%
Revenues > \$1 Million	49	17.7%	20	7.2%	14	5.1%	83	30%
Total	202	72.9%	43	15.5%	32	11.6%	277	100%

According to aggregate small business data, of all loans reported (originated and purchased) in 2004, 43.4% were to businesses with annual revenues of \$1 million or less. Data on the 13 largest traditional bank reporters was also considered in addition to the overall aggregate. According to the 2004 data, 67.9% of the selected peer group's reported small business loans were to businesses having revenues of \$1 million or less. Revenues were either unknown or in excess of \$1 million for the remaining portion of loans. D&B data indicates that 89.6% of all local businesses have revenues that do not exceed \$1 million per year. In 2004, 70% of FCB's small business loans were to businesses with annual revenues of \$1 million or less. The bank's level of lending is considered good and the performance during 2005 was substantially similar and also considered good.

Overall, the distribution of loans to borrowers of different income levels and to businesses of different sizes is considered good using aggregate data and area demographics as proxies for demand.

Community Development Lending:

The bank originated one community development loan within the assessment area totaling \$4.6 million. The loan provided financing for the expansion of new operating and emergency rooms for a local area hospital located within a designated underserved middle-income nonmetropolitan census tract. Additionally, as previously mentioned, the bank also extended loans in conjunction with a community development organization that serves the statewide area that includes this assessment area.

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

INVESTMENT TEST

As previously noted, the bank has qualified community development investments totaling approximately \$4 million and commitments to fund an additional \$2.2 million. These investments facilitate housing for low- and moderate-income residents of North Carolina and provide for microenterprise development in a regional area that includes this assessment area. In addition, charitable donations in excess of \$1,000 that are considered qualified community developments have been made within this assessment area.

When considering investment opportunities, market presence, and benefit to the local community, FCB's level of qualified investments is adequate.

SERVICE TEST

Within this assessment area, FCB's performance under the service test is considered adequate. Systems for delivering retail-banking services are reasonably accessible to essentially all portions of the assessment area, including moderate-income areas. Also, FCB and its employees have participated in several community development projects.

Retail Services:

Delivery systems are reasonably accessible to all portions of the assessment area. Automated teller machines are available and, through a network, provide customers with 24-hour nationwide access. Bank-by-mail and bank-by-computer services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system.

The institution has 19 full-service branches and 16 remote ATMs within this assessment area. None of the bank's branches or remote ATMs is located within moderate-income census tracts. Sixteen of the branches (84.2%) and nine remote ATMs (56.3%) are located in middle-income census tracts while three branches (15.8%) and seven remote ATMs (43.8%) are located in upper-income census tracts. Branch locations and business hours are considered convenient and meet the needs of the assessment area. The distribution of branches is adequate when considering that according to 2000 census data, 7%, 77.3%, and 15.7% of the assessment area's families reside in moderate-, middle-, and upper-income areas, respectively.

Community Development Services:

As previously noted, an executive officer of the bank serves on four SBIC advisory boards. The advisory boards provide management and other assistance to businesses involved with the SBICs. The SBICs operate within multistate areas that include the State of North Carolina and this assessment area.

Other community development service activities specific to this assessment area include the following:

- A bank official serving as a board member of Christine's Home, a non-profit home for impoverished and orphaned children in Cleveland County, North Carolina.
- A bank employee serving as a member of the South Iredell Economic Development Board of Directors.
- A bank representative serving on the board of directors of the Centralina Workforce Development Organization.

NONMETROPOLITAN AREAS

(For each nonmetropolitan area where the assessment areas were not reviewed using the full-scope examination procedures)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NONMETROPOLITAN WESTERN, NORTH CAROLINA (MSA) ASSESSMENT AREA

The assessment area was reviewed using the limited review examination procedures. Information detailing the composition of the assessment area is included in the **DESCRIPTION OF INSTITUTION** section of this report. Information pertaining to assessment area loan volume, branches, and deposit volume is included in **APPENDIX C** of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NONMETROPOLITAN WESTERN, NORTH CAROLINA ASSESSMENT AREA

The following table indicates for each test whether performance in the assessment area was generally below, consistent with, or exceeded performance of FCB overall. The lending within this assessment area was below the bank's overall lending performance. However, with only 34 loans extended within this market, a meaningful conclusion could not be reached and this performance does not impact the bank's overall rating. Facts and data reviewed for the assessment area, including performance and demographic information, can be found in **APPENDIX B** of this report. While all lending during the review period was considered, only lending information for 2004 is included in the appendix since there was no significant difference in the overall assessment of lending performance for the two years. Reference to 2005 lending is provided for clarity as warranted. Conclusions regarding performance are as follows.

Assessment Area	Lending Test	Investment Test	Service Test
Nonmetropolitan Western	Below	Consistent	Consistent

CRA APPENDIX A

SCOPE OF EXAMINATION

A full discussion of the scope of the examination is contained in the narrative section of this public evaluation.

Examination Type and Branch Offices Visited		
Assessment Area	Examination Type	Offices Visited
Asheville MSA	Limited-Scope	
Charlotte MSA	Full-Scope	10400 Mallard Creek Road Suite 100 Charlotte, NC 28262
Nonmetropolitan Central	Full-Scope	
Nonmetropolitan Western	Limited-Scope	

CRA APPENDIX B

LIMITED REVIEW TABLES

ASHEVILLE MSA ASSESSMENT AREA

This market includes census tracts 0030.01 through 0032.00 of Buncombe County, North Carolina, and is part of the Asheville, North Carolina, MSA. There are no low-, moderate-, or upper-income census tracts within the assessment area. The following table provides relevant demographic and 2004 aggregate data for the assessment area.

Summary of Demographic and Aggregate Data			
		% Low-Income	% Moderate-Income
Area Families by Income Level		15.4%	17.8%
Aggregate HMDA Loans by Borrower Income		6.6%	17.2%
Area Businesses with Revenues ≤ \$1 million	93.2%		
Aggregate Small Business Loans with Revenues < \$1 million	37.3%		

Performance Test Data for Asheville, NC MSA

LENDING TEST

As previously mentioned, there are no low-or moderate-income geographies in the assessment area. The bank originated only 27 loans in this assessment area during 2004, and because of this minimal number of transactions, a meaningful analysis cannot be performed. The bank did not report any small farm loans within this assessment area.

Loan Originations - 2004						
	To Low-Income Borrowers		To Moderate-Income Borrowers		To Businesses with Revenues < \$1 Million	
	#	%	#	%	#	%
HMDA	0	0%	1	6.3%		
Small Business					8	88.9%

The lending performance in 2005 reflected a better distribution by borrower income for HMDA transactions, with three loans (15.8%) being extended to low-income borrowers and seven loans (36.8%) being extended to moderate-income borrowers. The bank's 2005 lending distribution to businesses with revenues less than or equal to \$1 million was below its 2004 distribution with only three loans (42.9%) being extended.

INVESTMENT TEST

The bank has \$6.1 in qualified investments (including commitments) that benefit a statewide area that includes this assessment area.

SERVICE TEST

During 2004, the bank operated one branch within this assessment area. No offices have been closed since the previous evaluation. Banking services offered in this assessment area are substantially the same as the services available to other communities the bank serves.

NONMETROPOLITAN WESTERN ASSESSMENT AREA

This assessment area includes all of Jackson, Swain, and Transylvania Counties, North Carolina. There are no low-income geographies in the assessment area. The following table provides relevant demographic and 2004 aggregate data for the assessment area.

Summary of Demographic and Aggregate Data		
		% Low-Income
		% Moderate-Income
Families by Geography		N/A
Families < Poverty Level as % of Families by Geography		5.6%
Owner-Occupied Housing Units by Geography		N/A
Area Families by Income Level		19.7%
Aggregate HMDA Loans by Geography		N/A
Aggregate HMDA Loans by Borrower Income		5%
Area Businesses by Geography		N/A
Aggregate Small Business Loans by Geography		7%
Area Businesses with Revenues ≤ \$1 million	90.1%	
Aggregate Small Business Loans with Revenues < \$1 million	48.2%	

Performance Test Data for Nonmetropolitan Western, NC

LENDING TEST

As previously mentioned, there are no low-income geographies in the assessment area. The bank originated only 34 loans in this assessment area during 2004, and because of this minimal number of transactions, a meaningful analysis cannot be performed. The bank did not report any small farm loans within this assessment area.

Loan Originations - 2004								
	In Moderate-Income Geographies		To Low-Income Borrowers		To Moderate-Income Borrowers		To Businesses with Revenues < \$1 Million	
	#	%	#	%	#	%	#	%
HMDA	0	0%	2	6.7%	8	26.7%		
Small Business	0	0%					1	25%

The lending performance in 2005 reflected a slightly better level of lending in moderate-income areas for both HMDA and small business loans. For HMDA, the bank reported one HMDA loan (3.2%) and one small business loan (10%) in moderate-income areas in 2005. Additionally, the bank's lending to businesses with revenues less than or equal to \$1 million improved to 80% in 2005 (eight loans). The bank's distribution by borrower income for 2005 HMDA transactions was substantially similar to its 2004 distribution.

INVESTMENT TEST

As previously noted, the bank holds \$6.1 in qualified investments (including commitments) that benefit the State of North Carolina or a larger regional area including this assessment area.

SERVICE TEST

Banking services offered at the three area offices within this assessment area are substantially similar to the services available to other communities served by the bank. None of the three area offices is located within the moderate-income geographies.

CRA APPENDIX C

BRANCH, LOAN, AND DEPOSIT VOLUME BY ASSESSMENT AREA

Loan volume data reflects the HMDA, small business, and small farm loans reported by the institution from January 1, 2004, through December 31, 2005. While branch data is based on full-service offices, the bank also operates two limited-service facilities in the Charlotte MSA assessment area. Additionally, as previously mentioned, the bank has four branch offices in the Raleigh-Cary, North Carolina MSA which were not included in this evaluation because of the limited amount of time they have been open. Deposit volume data was reported to the Federal Deposit Insurance Corporation and is current through June 30, 2005.

Assessment Area	Loan Volume				Full-Service Branches		Deposit Volume	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Asheville MSA	54	1.2%	\$7,111	1%	1	1.9%	\$24,935	0.9%
Non-metro Central	1,269	27.2%	\$152,208	21.2%	19	35.2%	\$589,763	21.3%
Charlotte MSA	3,260	70%	\$552,122	76.9%	31	57.4%	\$2,093,378	75.7%
Non-metro Western	75	1.6%	\$6,813	0.9%	3	5.6%	\$56,070	2%
TOTAL	4,658	100%	\$718,254	100%	54	100%	\$2,764,146	100%

CRA APPENDIX D

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.

Block numbering area ("BNA"): A statistical subdivision of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

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 MSA. 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: 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.

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 nonrelatives 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 review: Performance under the lending, investment and service tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract or a block numbering area delineated by the U.S. 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 data such as race, gender and income of applications, amount of loan requested, and 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 review: Performance under the lending, investment and service tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

Metropolitan area ("MA"): Any primary metropolitan statistical area ("PMSA"), metropolitan statistical area ("MSA"), or consolidated metropolitan statistical area ("CMSA"), as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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 Call Report. These loans have original amounts of \$500 thousand 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.