

PUBLIC DISCLOSURE

July 20, 2015

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

NewBridge Bank

617024

1501 Highwoods Boulevard

Greensboro, NC 27410

**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: NewBridge Bank is rated "**SATISFACTORY.**"

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

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

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

Major factors supporting the institution’s rating include:

- Lending activity is consistent with the bank’s capacity and overall reflects good responsiveness to the credit needs of the assessment areas.
- A substantial majority of the institution's reported Home Mortgage Disclosure Act (HMDA), small business, and small farm loans were originated within the bank's assessment areas.
- While performance varies by product and assessment area, the bank’s geographic and its borrower distribution performance are each considered good overall.
- During the evaluation period, the bank extended an adequate level of qualified community development loans within its assessment areas.
- The bank has made a significant level of qualified community development investments when considering available opportunities.
- Delivery systems and branch locations are accessible to all segments of the bank’s assessment areas.
- During the evaluation period, the bank participated in a relatively high level of community development services given its capacity and available opportunities.

INSTITUTION

SCOPE OF EXAMINATION

NewBridge Bank (NBB) was evaluated using the interagency examination procedures developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures, Home Mortgage Disclosure Act (HMDA), small business, and small farm lending activity reported by NBB from January 1, 2013, through December 31, 2014, was reviewed. During the evaluation period, NBB acquired three other financial institutions (Security Savings Bank, CapStone Bank, and Premier Commercial Bank). Loan data reported by these institutions prior to their acquisition were not included in NBB's performance evaluation.

Qualified community development loans that were originated or renewed from September 2, 2011, the date of the most recent CRA evaluation, through the evaluation date are considered for this evaluation. All qualified community development services provided since the previous evaluation, all qualified investments made during this same period, and those investments outstanding as of the evaluation, regardless of when made, were also considered. Data from other affiliates are not included in the analysis.

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

Currently, NBB serves eight assessment areas located within the states of North Carolina and South Carolina. Because NBB opened a branch in South Carolina just before the date of this evaluation, NBB's performance within the South Carolina assessment area is not considered as part of this evaluation. Based upon relative market size as determined by loan activity, proportion of bank deposits, and market population, full-scope evaluation procedures were applied to the following assessment areas:

- Greensboro-Winston-Salem-High Point, NC Consolidated Statistical Area (CSA)
- Wilmington, NC Metropolitan Statistical Area (MSA)
- Davidson County, NC nonmetropolitan area (NonMSA)

The remaining assessment areas were subject to the limited review procedures provided for by the FFIEC. For each assessment area reviewed utilizing the limited scope evaluation procedures, a determination was made as to whether performance is consistent with the assigned overall state rating.

The institution's overall rating for each test is based on the performance within each assessment area subject to full-scope review. When assigning the institution's overall ratings for each test, primary consideration is given to the dollar volume each full-scope market contributes to the bank's overall level of activity when weighting performance. According to FFIEC examination procedures, the lending test performance accounts for half of the overall rating while the investment and service tests are equally weighted and, combined, account for the remaining half of the overall rating. In all cases, conclusions also take into account relevant performance context factors. Appendix A includes information detailing the lending volume, branch locations, and deposit volume by assessment area, and Appendix C details the composition of each assessment area.

DESCRIPTION OF INSTITUTION

NBB is headquartered in Greensboro, North Carolina, and operates 43 branch offices in North Carolina and South Carolina. The bank is a wholly-owned subsidiary of NewBridge Bancorp which is also headquartered in Greensboro, North Carolina. The bank’s previous CRA evaluation was performed by the Federal Deposit Insurance Corporation (FDIC) on September 2, 2011, and NBB was rated Satisfactory. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment areas.

As of March 31, 2015, the bank held assets totaling \$2.7 billion, of which 70.9% were net loans and 18.8% were securities. As of the same time period, deposits totaled approximately \$2 million. Various deposit and loan products are available through the institution including loans for residential mortgage, consumer, and business purposes. The composition of the loan portfolio (using gross loans) as of March 31, 2015, is represented in the following table:

Composition of Loan Portfolio

Loan Type	3/31/2015	
	\$(000s)	%
Secured by 1-4 Family dwellings	669,973	34.2
Multifamily	53,986	2.8
Construction and Development	189,792	9.7
Commercial & Industrial/ NonFarm NonResidential	996,900	50.9
Consumer Loans and Credit Cards	25,576	1.3
Agricultural Loans/ Farmland	14,486	0.7
All Other	9,058	0.5
Total	1,959,771	100.0

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

As previously indicated, NBB acquired three financial institutions during the evaluation period. As a result of these acquisitions, NBB added 11 branch locations and one new assessment area (Sampson County, NC NonMSA) to reflect the new branch offices. Adjustments were also made to existing assessment areas as a result of the branch acquisitions. NBB also opened three new branches during the evaluation period that resulted in the bank delineating three new assessment areas (Raleigh-Cary, NC MSA, Charlotte-Gastonia-Concord, NC-SC MSA, and Charleston-N. Charleston, SC MSA). The bank also closed two offices in the Greensboro-Winston-Salem-High Point, NC assessment area during the evaluation period. Appendix D includes additional details about NBB’s branching and acquisition activity.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

When evaluating the bank's performance, relevant area demographic data from the 2010 census are used as proxies for demand. Dun & Bradstreet (D&B) business demographic data from 2012 and 2013 are also considered when evaluating the bank's performance. Additionally, when such data is available, aggregate lending data is considered. For this review, aggregate HMDA and small business/farm loan data from calendar year 2013 was available. Analyses of lending during the review period are discussed in greater detail in subsequent sections of this evaluation.

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

During 2013 and 2014, the bank reported originating 39 small farm loans totaling \$4.8 million within its assessment areas. During the same time period, the bank reported 2,740 HMDA and small business loans totaling \$568.5 million within its assessment areas. Because of its comparatively low volume, the bank's small farm lending performance was not considered in the geographic and borrower distribution performance analyses, as it would not affect NBB's overall performance.

While HMDA and small business data from calendar years 2013 and 2014 were fully analyzed and considered in the evaluation, only bank and aggregate data from 2013 are presented in the assessment area analysis tables. In instances where the 2014 performance varies significantly from the performance noted during 2013, such variance and the corresponding impact on the overall performance are discussed. Aggregate data from 2014 is not yet available.

Overall, the bank's lending test performance is rated High Satisfactory. This rating considers the bank's lending activity, assessment area concentration, geographic and borrower distribution performance, and community development lending. These components are discussed in the following sections.

Lending Activity:

A bank's loan-to-deposit ratio is one measure of its lending activity relative to its capacity. The bank's quarterly loan-to-deposit ratio for the 15-quarter period ending March 31, 2015, averaged 86.7% and ranged from 78.7% to 97.3%. As of March 31, 2015, the institution's loan-to-deposit ratio equaled 95.4%. The average of quarterly loan-to-deposit ratios for the national peer group ranged from 73.6% to 79.6% during the same time period. The national peer group is defined as all insured commercial banks having assets between \$1 billion and \$3 billion.

Since June 30, 2011, bank assets, loans and deposits have increased by 57.6%, 59%, and 41.9%, respectively. A majority of the growth in assets, loans, and deposits resulted from the bank's acquisitions. Within the context of the CRA and considering relevant performance context factors such as bank size, financial condition, and local area credit needs, the bank's lending activity is considered responsive to the credit needs of the bank's assessment areas.

As part of its broad range of loan products, NBB offers several programs designed to promote affordable housing and business financing. The following table summarizes the number and dollar volume of loans originated through these programs since the bank's previous CRA performance evaluation:

Loan Program	#	\$ (000s)	Description
NewBridge Bank Community Home Loan	20	\$2,835	In-house loan program targeted to low- and moderate-income borrowers.
Wilmington Home Ownership Pool	11	\$763	Loan program offered in conjunction with the City of Wilmington and targeted to low- and moderate-income borrowers.
Federal Housing Administration (FHA)	192	\$29,413	Government guaranteed residential mortgage loan program with certain loan products designed for first time home buyers and low- and moderate-income borrowers.
United States Department of Agriculture Rural Development (USDA)	93	\$12,809	Government guaranteed residential mortgage loan program targeted to low- and moderate-income borrowers.
North Carolina Loan Participation Program	26	\$39,279	NBB participates in a business loan consortium coordinated by the North Carolina Rural Economic Development Center that targets economic development and job creation.
North Carolina Capital Access Program	37	\$4,749	Loan program targeting job creation and offered in conjunction with the North Carolina Rural Economic Development Center.
Small Business Administration (SBA)	31	\$11,447	Government guaranteed commercial loan program that supports business development.
Total	410	\$101,295	

While many of the loans extended under these programs are included within NBB's reported HMDA and CRA data, the bank's participation in such programs demonstrate its efforts to provide flexible loan products to meet local credit needs within its assessment areas.

Assessment Area Concentration:

The institution's lending volume of reported HMDA, small business, and small farm loans from January 1, 2013, through December 31, 2014, is reflected in the following table.

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

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	645	85.4	151,687	85.7	110	14.6	25,324	14.3
Home Improvement	108	97.3	6,501	99.7	3	2.7	21	0.3
Refinancing	487	87.0	106,631	85.3	73	13.0	18,394	14.7
Multi-Family Housing	29	87.9	24,275	79.5	4	12.1	6,266	20.5
Total HMDA related	1,269	87.0	289,094	85.3	190	13.0	50,005	14.7
Small Business	1,471	92.1	279,384	89.4	126	7.9	32,963	10.6
Small Farm	39	84.8	4,838	89.5	7	15.2	570	10.5
TOTAL LOANS	2,779	89.6	573,316	87.3	323	10.4	83,538	12.7

As indicated in the preceding table, a substantial majority of the total number (89.6%) and dollar amounts (87.3%) of loans have been provided to residents, businesses, and farms within the bank's assessment areas.

Geographic and Borrower Distribution:

When evaluating the geographic and borrower distribution for a specific loan category within an assessment area, primary emphasis is placed on the number of loans originated or purchased. To arrive at an overall assessment area level conclusion regarding the distribution of lending, performance in each loan category is then weighted by the dollar volume of such loans in the assessment area. The institution's overall rating is based on the overall performance of each market area, and primary consideration is given to the dollar volume each market contributes to the overall activity considered in the evaluation.

The bank is an active residential mortgage and small business lender and it extended a similar volume of residential mortgage and small business loans within its assessment areas during 2013 and 2014. Accordingly, the bank's residential mortgage and small business lending performance were generally given similar weight when considering the bank's combined product performance. As previously noted, the bank's small farm lending performance was not evaluated because of its comparatively low volume.

Within NBB'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 substantial majority of such loans do not have revenue data reported. Historically, the presence of these lenders is reflected in a smaller market share for traditional lenders and tends to understate the percentage of aggregate lending to businesses with annual revenues of \$1 million or less. Consequently, the presence of these lenders was considered as an aspect of performance context when evaluating the level and distribution of bank lending.

While NBB's geographic distribution performance (lending in low- and moderate-income census tracts) varies from adequate to excellent within its three full-scope assessment areas, its overall performance is considered good. Similarly, the bank's borrower distribution performance (lending to low- and moderate-income borrowers and small businesses having annual revenues of \$1 million or less) varies from adequate to good within its three full-scope assessment areas and is considered good overall.

Community Development Lending:

The availability of safe and sound community development loan opportunities varies by assessment area. As discussed in more detail later in this evaluation, community development lending opportunities within the bank's full-scope assessment areas are reasonably available in the metropolitan assessment areas (Greensboro-Winston-Salem-High Point, NC CSA and Wilmington, NC MSA), while opportunities are limited in the bank's remaining full-scope assessment area (Davidson County, NC NonMSA).

During the evaluation period, the bank originated 27 community development loans totaling \$15.1 million within its combined assessment areas. As of March 31, 2015, the bank reported having assets totaling \$2.7 billion and gross loans totaling \$2 billion. Additional information regarding these loans is included in the pertinent assessment area discussions.

Qualified community development loans that benefit multiple assessment areas delineated by NBB include:

- A \$110,032 loan to a non-profit organization that provides housing and services targeted to low- and moderate-income people.

- A \$93,300 loan to a non-profit organization that provides educational services to the children of low- and moderate-income families.

Qualified community development loans within the State of North Carolina that do not specifically benefit the bank's assessment areas include the following:

- Two loans totaling \$92,000 to a non-profit entity that provides educational services targeted to the children of low- and moderate-income families.

To the extent that the bank extended any other community development loans, such loans were required to be reported as either small business or HMDA loans and could not also be reported as community development loans. Overall, relative to available opportunities, the bank originated an adequate level of community development lending during the evaluation period

INVESTMENT TEST

NBB's level of responding to community development needs through its investment activities is rated high satisfactory. As of March 31, 2015, the bank reported \$2.7 billion in total assets and a securities portfolio totaling \$512.4 million. As of the evaluation date, NBB held approximately \$11.1 million in qualified investments; of this amount, approximately \$5.2 million are new investments since its previous evaluation. In addition, the bank has committed to invest an additional \$3.4 million in related qualified community development securities.

The bank's qualified investments that benefit multiple assessment areas, North Carolina, or multistate areas that include the bank's assessment areas include the following:

- \$5 million investment in the CRA Qualified Investment Fund – the funds have been allocated to support affordable housing for low- and moderate-income people in the State of North Carolina including some of the bank's assessment areas.
- \$2 million bond issued by the North Carolina Housing Finance Agency (NCHFA) – the NCHFA promotes affordable housing by providing financing, down payment assistance, foreclosure prevention assistance, and rental assistance to low- and moderate-income people within the State of North Carolina.
- \$1.8 million investment in two equity funds issued by Salem Investment Partners, LP (Salem) – Salem operates as a Small Business Investment Company (SBIC) licensed by the Small Business Administration. SBICs are privately owned investment firms that invest in businesses by providing venture capital. Salem primarily invests in businesses operating in the mid-Atlantic and southeast region, which includes the State of North Carolina.
- \$1.4 million investment in three equity funds issued by Plexus Capital (Plexus) – Plexus is a licensed SBIC that invests in businesses in a large multistate area, including North Carolina.
- \$839,358 equity investment in the Triangle Mezzanine Fund (Fund) – the Fund is a licensed SBIC that invests in businesses located in the mid-Atlantic and southeast region, which includes the State of North Carolina.

The institution also actively supports numerous community development organizations by making charitable donations. During the evaluation period, the bank made charitable donations to community development organizations totaling approximately \$389,000 on a combined assessment area basis. Of this amount, \$34,700 was given to organizations that serve multiple assessment areas or the statewide area. Qualified investments, including donations, targeting specific assessment areas are discussed in conjunction with the evaluation of those areas.

SERVICE TEST

The bank's overall performance under the Service Test is rated high satisfactory. Delivery systems, branch locations, and hours of operation are considered accessible to all portions of the assessment areas. Of the 43 full service branch offices, ten (23.3%) are located within moderate-income areas and none are located in low-income areas.

The bank and its employees provide a relatively high level of support to organizations that provide community development services throughout its various assessment areas. The bank participates in the following service activities that benefit multiple assessment areas:

- A bank employee serves on the board of directors of Community Link. Community Link focuses on providing affordable housing to low- and moderate-income people within a 26 county region in North Carolina including the bank's Greensboro-Winston-Salem-High Point, NC CSA and Charlotte-Gastonia-Concord, NC-SC MSA assessment areas.
- A bank employee serves on the board of directors of The Catherine Kennedy Home Foundation that provides community services targeted to low- and moderate-income elderly people in the Wilmington, NC MSA and Myrtle Beach-Conway-N. Myrtle Beach, NC MSA assessment areas.
- Two bank employees supported the United Way of Cape Fear Area by serving on its board of directors and as its fundraising chairman. The United Way provides community services targeted to low- and moderate-income people within the bank's Wilmington, NC MSA and Myrtle Beach-Conway-N. Myrtle Beach, NC MSA assessment areas.

Additional discussion of community development services is included within the applicable assessment area sections of this evaluation.

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.

METROPOLITAN AREAS

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

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

During 2013, NBB's Greensboro-Winston-Salem-High Point, NC CSA assessment area included all of Forsyth, Guilford, Rockingham, and Stokes counties, North Carolina. According to the 2010 census data, the assessment area has a population of 980,120 and a median housing value of \$144,751. The owner-occupancy rate for the assessment area equals 58.2% and is similar to the statewide rate (58.4%) and the rates in the Greensboro-High Point MSA (58.9%), and the Winston-Salem MSA (61.8%). The percentage of area families living below the poverty level in the assessment area (11.5%) is also similar to North Carolina's overall poverty rate (11.4%) and the rates in the Winston-Salem MSA (11%), and the Greensboro-High Point MSA (11.9%). The median family income in the Greensboro-High Point, NC MSA equaled \$54,500 during 2013 and equaled \$59,500 in the Winston-Salem, NC MSA. The following table includes pertinent demographic data for the 2013 assessment area.

Assessment Area Demographics

Greensboro-Winston-Salem-High Point, NC CSA <i>(Based on 2010 ACS Boundaries and 2013 D&B information)</i>									
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low	24	9.9	15,064	6.1	6,557	43.5	53,307	21.5	
Moderate	50	20.7	49,100	19.8	9,526	19.4	42,278	17.1	
Middle	88	36.4	97,133	39.2	8,533	8.8	48,090	19.4	
Upper	79	32.6	86,229	34.9	3,859	4.5	103,851	42.0	
NA	1	0.4	0	0.0	0	0.0			
Total	242	100.0	247,526	100.0	28,475	11.5	247,526	100.0	
	Owner Occupied Units by Tract		Households						
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income		
	#	%	#	%	#	%	#	%	
Low	7,604	3.0	26,509	6.9	10,689	40.3	88,487	23.1	
Moderate	39,531	15.7	79,826	20.9	17,209	21.6	63,721	16.6	
Middle	105,968	42.1	150,495	39.3	17,495	11.6	67,488	17.6	
Upper	98,718	39.2	125,933	32.9	9,220	7.3	163,067	42.7	
NA	0	0.0	0	0.0	0	0.0			
Total	251,821	100.0	382,763	100.0	54,613	14.3	382,763	100.0	
	Total Businesses by Tract		Businesses by Tract and Revenue Size						
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported		
	#	%	#	%	#	%	#	%	
Low	3,494	7.0	2,979	6.6	391	12.2	124	7.7	
Moderate	8,571	17.2	7,618	16.9	654	20.4	299	18.5	
Middle	20,391	40.9	18,344	40.7	1,366	42.6	681	42.1	
Upper	17,368	34.8	16,075	35.7	787	24.6	506	31.3	
NA	37	0.1	26	0.1	5	0.2	6	0.4	
Total	49,861	100.0	45,042	100.0	3,203	100.0	1,616	100.0	
Percentage of Total Businesses:				90.3		6.5		3.2	

*NA-Tracts without household or family income as applicable

As noted in Appendix C, updated MSA boundaries became effective in 2014 that changed the composition of the bank's Greensboro-Winston-Salem-High Point, NC CSA assessment area. As a result of the MSA boundary changes, Davidson County, North Carolina was added to the Winston-Salem, NC MSA, which is part of the Greensboro-Winston-Salem-High Point, NC CSA. Given this change, the bank's Greensboro-Winston-Salem-High Point, NC CSA assessment area includes all of Davidson, Forsyth, Guilford, Rockingham, and Stokes counties, North Carolina, during 2014. The assessment area does not include the entire CSA.

As of the date of the evaluation, NBB operates 27 branches within this assessment area. NBB ranked 4th out of 27 institutions in deposit market share having 2.8% of the assessment area's available FDIC insured deposits (credit union deposits are not included), as of June 2014.

Based on 2010 census data, the 2014 assessment area has a total population of 1,142,998 and a median housing value of \$142,282. The owner-occupancy rate for the assessment area (59.3%) approximates the rates for North Carolina (58.4%), the Greensboro-High Point, NC MSA (58.9%), and the Winston-Salem, NC MSA (62.9%). The overall family poverty rate of the assessment area (11.4%) is also similar to the rates within the state (11.4%), the Greensboro-High Point, NC MSA (11.9%), and the Winston-Salem, NC MSA (11%). During 2014, the median family income in the Greensboro-High Point, NC MSA equaled \$55,100 and \$59,300 in the Winston-Salem, NC MSA. The following table includes pertinent demographic data based on the 2010 census.

Assessment Area Demographics

Greensboro-Winston-Salem-High Point, NC CSA <i>(Based on 2010 ACS Boundaries and 2014 D&B information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	26	9.4	16,924	5.8	7,436	43.9	62,698	21.4
Moderate	55	19.9	55,404	18.9	10,901	19.7	50,310	17.2
Middle	107	38.8	124,505	42.5	10,718	8.6	57,887	19.8
Upper	87	31.5	95,851	32.8	4,370	4.6	121,789	41.6
NA	1	0.4	0	0.0	0	0.0		
Total	276	100.0	292,684	100.0	33,425	11.4	292,684	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	8,761	2.9	29,453	6.6	11,937	40.5	104,102	23.3
Moderate	44,816	15.0	90,443	20.2	19,571	21.6	74,487	16.7
Middle	135,405	45.3	188,530	42.2	22,023	11.7	78,900	17.6
Upper	110,069	36.8	138,821	31.0	10,068	7.3	189,758	42.4
NA	0	0.0	0	0.0	0	0.0		
Total	299,051	100.0	447,247	100.0	63,599	14.2	447,247	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	3,548	6.8	3,004	6.4	413	11.5	131	8.2
Moderate	9,085	17.4	7,999	17.0	792	22.0	294	18.3
Middle	21,965	42.0	19,735	41.9	1,546	43.0	684	42.6
Upper	17,691	33.7	16,366	34.7	834	23.3	491	30.7
NA	31	0.1	20	0.0	7	0.2	4	0.2
Total	52,320	100.0	47,124	100.0	3,592	100.0	1,604	100.0
	Percentage of Total Businesses:			90.0		6.9		3.1

*NA-Tracts without household or family income as applicable

The local economy has a diversified employment and industrial base. The area’s major employers include The University of North Carolina Greensboro, numerous hospitals and health care facilities, Wake Forest University, UPS, Wells Fargo Bank, Walmart stores, Unifi Manufacturing (textiles), local governments, and area school systems. Current and recent periodic unemployment rates are included in the following table:

Geographic Area	Unemployment Rate Trend				
	June 2011	June 2012	June 2013	June 2014	June 2015
Davidson County	11.5%	9.9%	8.7%	6.5%	5.9%
Forsyth County	10.4%	9.3%	8.1%	6.2%	5.9%
Guilford County	11.1%	10.1%	8.9%	6.9%	6.3%
Rockingham County	12.6%	11.5%	10.3%	7.6%	6.9%
Stokes County	10.8%	9.5%	8.2%	6.1%	5.6%
Greensboro-High Point, NC MSA	11.3%	10.3%	9.1%	6.9%	6.3%
Winston-Salem, NC MSA	10.7%	9.5%	8.2%	6.2%	5.8%
Greensboro-Winston-Salem-High Point, NC CSA	11%	9.9%	8.6%	6.5%	6%
State of North Carolina	10.7%	9.6%	8.5%	6.4%	6.1%

Area unemployment rates have trended down since the bank’s previous evaluation in 2011. Current unemployment rates within the assessment area are similar to the rates within the MSAs, CSA, and statewide rate. Nonetheless, unemployment rates within Rockingham County remain elevated in relation to the other counties within the assessment area.

Officials from community service and small business development organizations were contacted during the evaluation to discuss local economic conditions and community credit needs. One contact described the local economic base as diverse and benefiting from its central location within the state and access to the highway system. Both individuals contacted suggested that the local market area would benefit from greater involvement by financial institutions in financial literacy targeted to consumers and business development and management workshops. Both contacts noted that there are a large number of financial institutions operating within the local market making it a highly competitive market area. The contacts suggested that local financial institutions are adequately meeting local credit needs.

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE:

LENDING TEST

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

Within this assessment area during 2013 and 2014, NBB originated \$113.2 million in HMDA and \$157 million in small business loans. Accordingly, the small business lending performance is given more weight than the residential mortgage lending performance when evaluating overall lending performance.

Lending Activity:

Bank lending (dollar volume) within the assessment area (83.1%) exceeds the percentage of area branches (62.8%) and the proportion of bank deposits (73.4%). According to 2013 aggregate data, the institution ranked 25th of 392 reporters of mortgage lending with a .8% market share and ranked 10th of 69 reporters of small business loans with a 2.9% market share. The level of lending activity is considered good.

Geographic Distribution:

NBB’s geographic distribution performance for both HMDA and small business loans is considered good.

Distribution of HMDA Loans by Income Level of Census Tract

Greensboro-Winston-Salem-High Point, NC CSA (2013)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(125) Home Purchase				(13,430)			
Low	1	0.8	93	0.3	182	1.4	12,552	0.6
Moderate	11	8.8	1,446	5.2	1,475	11.0	146,019	6.8
Middle	27	21.6	4,252	15.2	5,450	40.6	703,323	32.7
Upper	86	68.8	22,136	79.3	6,323	47.0	1,290,501	60.0
	(112) Refinance				(19,195)			
Low	4	3.6	1,420	6.3	314	1.6	23,521	0.6
Moderate	7	6.3	679	3.0	2,019	10.5	315,376	8.4
Middle	35	31.3	4,390	19.6	7,058	36.8	1,360,410	36.1
Upper	66	58.9	15,899	71.0	9,804	51.1	2,064,837	54.9
	(17) Home Improvement				(893)			
Low	0	0.0	0	0.0	20	2.2	581	0.9
Moderate	4	23.5	17	2.9	101	11.3	4,305	6.3
Middle	13	76.5	578	97.1	383	42.9	21,604	31.9
Upper	0	0.0	0	0.0	389	43.6	41,315	60.9
	(5) Multi-Family				(71)			
Low	0	0.0	0	0.0	7	9.9	35,004	15.7
Moderate	2	40.0	1,316	50.1	24	33.8	27,833	12.5
Middle	2	40.0	935	35.6	27	38.0	70,474	31.6
Upper	1	20.0	378	14.4	13	18.3	89,618	40.2
	HMDA Totals							
Low	5	1.9	1,513	2.8	523	1.6	71,658	1.2
Moderate	24	9.3	3,458	6.5	3,619	10.8	493,533	7.9
Middle	77	29.7	10,155	19.0	12,918	38.4	2,155,811	34.7
Upper	153	59.1	38,413	71.7	16,529	49.2	3,486,271	56.2
NA*	0	0.0	0	0.0	9	0.0	2,046	0.0
Total	259	100.0	53,539	100.0	33,598	100.0	6,209,319	100.0

NA*-Tracts without household or family income as applicable

Given the limited volume of multi-family housing HMDA reportable transactions within the assessment area, this loan type category was given the least weight when considering the bank's overall performance. Nonetheless, multi-family lending and home improvement are considered excellent based on the strength of the bank's lending in moderate-income census tracts, while the bank's home purchase and refinance performance are both considered adequate.

On a combined product basis during 2013, NBB's level of lending in low-income census tracts (1.9%) lagged the proportion of owner-occupied housing units located in such tracts (3%) but approximated the aggregate lending level (1.6%). The bank's level of lending to borrowers in moderate-income census tracts (9.3%) also lagged the proportion of owner-occupied housing units located in such tracts (15.7%) but approximated aggregate lending level (10.8%). Overall, the bank's performance during 2013 is considered good, and its performance during 2014 is similar.

Distribution of Small Business Loans by Income Level of Census Tract

Greensboro-Winston-Salem-High Point, NC CSA (2013)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	23	5.5	5,908	7.5	804	5.6	60,188	7.1
Moderate	69	16.5	14,748	18.8	2,185	15.1	150,421	17.8
Middle	216	51.8	38,451	49.0	5,713	39.5	352,608	41.6
Upper	109	26.2	19,433	24.7	5,739	39.7	283,060	33.4
NA*	0	0.0	0	0.0	16	0.1	490	0.1
Total	417	100.0	78,540	100.0	14,457	100.0	846,767	100.0

*NA-Tracts without household or family income as applicable

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

While the bank's level of small business lending in low-income census tracts (5.5%) lagged the percentage of businesses in such areas (7%), it approximated the aggregate reporter lending level (5.6%) in such census tracts. Similarly, NBB's lending in moderate-income census tracts (16.5%) also lagged the percentage of businesses in such areas (17.2%) but approximated the aggregate lending level (15.1%). The bank's performance during 2013 is considered good, and its performance during 2014 is similar.

Distribution by Borrower Income and Revenue Size of the Business:

The bank's borrower distribution performance is adequate for HMDA lending and good for small business lending. The bank's overall performance is considered good. In reaching this conclusion, more weight was placed on NBB's small business lending distribution due to the larger dollar volume of lending.

Distribution of HMDA Loans by Income Level of Borrower

Greensboro-Winston-Salem-High Point, NC CSA (2013)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	12	4.9	772	1.6	2,098	7.7	159,363	3.8
Moderate	43	17.6	5,138	10.5	5,274	19.2	537,253	12.8
Middle	39	15.9	5,663	11.6	6,155	22.5	761,224	18.1
Upper	151	61.6	37,348	76.3	13,889	50.6	2,753,876	65.3
Total	245	100.0	48,921	100.0	27,416	100.0	4,211,716	100.0
Unknown	14		4,618		6,182		1,997,603	

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

The bank’s overall lending to low-income borrowers (4.9%) lagged both the percentage of such families residing in the assessment area (21.5%) and the proportion of aggregate lending to low-income borrowers (7.7%). NBB’s percentage of residential mortgage loans extended to moderate-income borrowers (17.6%) approximated the percentage of moderate-income families living in the assessment area (17.1%) but lagged the percentage of aggregate lending to moderate-income borrowers (19.2%). Overall, the bank’s lending performance during 2013 is considered adequate, and its performance during 2014 is similar.

Distribution of Lending by Loan Amount and Size of Business

Greensboro-Winston-Salem-High Point, NC CSA (2013)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	268	64.3	43,853	55.8	7,132	48.5	344,735	40.4
Over \$1 Million	149	35.7	34,687	44.2	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	226	54.2	11,032	14.0	12,943	88.0	216,920	25.4
\$100,001-\$250,000	98	23.5	18,100	23.0	868	5.9	153,168	17.9
\$250,001-\$1 Million	93	22.3	49,408	63.0	904	6.1	483,365	56.7
Total	417	100.0	78,540	100.0	14,715	100.0	853,453	100.0

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

D&B data from 2013 indicates that 90.3% of all local businesses have revenues that do not exceed \$1 million per year. Aggregate lending data from 2013 indicate that 48.5% of reported small business loans were to businesses having revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 54.7% were made to businesses having annual revenues of \$1 million or less. NBB’s level of lending to businesses having revenues of \$1 million or less (64.3%) is considered good during 2013, and its performance during 2014 is similar.

Community Development Lending:

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

Specific to this assessment area, NBB originated and/or renewed 15 loans totaling \$2.3 million that benefited low and moderate-income people during the evaluation period. The loans were provided to organizations that provide affordable housing and community services. As previously mentioned, NBB also originated two community development loans totaling \$203,332 that benefited this and another of the bank's assessment areas.

The volume of community development lending extended by the bank within the assessment area is adequate when considering the bank's capacity and available opportunities.

INVESTMENT TEST

During the evaluation period, NBB made charitable donations totaling \$316,940 that specifically benefited the Greensboro-Winston-Salem-High Point, NC CSA assessment area.

Activities that benefit multiple assessment areas or the broader statewide area, which include the bank's assessment areas, include:

- An equity investment totaling \$5 million in the CRA Qualified Investment Fund.
- A bond totaling \$2 million issued by the NCHFA.
- Equity investments totaling approximately \$4.1 million in SBIC funds.
- Charitable donations totaling \$28,500 were made that support organizations that provide qualified community development services within this and other bank assessment areas or the statewide area.

NBB's level of investment activity exhibits good responsiveness to area community development needs when considering investment opportunities and its market presence.

SERVICE TEST

Within the Greensboro-Winston-Salem-High Point, NC CSA assessment area, the bank's performance under the Service test is considered good. Systems for delivering retail banking services are accessible to all portions of the assessment area. Additionally, the bank or its employees have participated in a relatively high level of services that provide community development.

Retail Services:

Delivery systems are accessible to all portions of the assessment area. Currently, NBB operates 27 branch offices within this assessment area. Of these branches, none are located in low-income census tracts and seven (25.9%) are located in moderate-income census tracts. According to recent demographic data, 6.6% and 20.2% of area households are located in low- and moderate-income census tracts, respectively. Because the branch information is current as of the date of the evaluation, it includes NBB's eight branches located in Davidson County, North Carolina. As previously noted, Davidson County, North Carolina, became part of the assessment in 2014 when MSA and CSA boundaries were updated based on 2010 census data.

During the evaluation period, NBB opened one new office located in a middle-income census tract and closed one office located in a middle-income census tract. The bank's record of opening and closing branches has not adversely impacted the accessibility of NBB's delivery systems, particularly to low- and moderate-income people and census tracts.

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

Community Development Services:

As previously discussed, opportunities for providing community development services are reasonably available within the Greensboro-Winston-Salem-High Point, NC CSA assessment area. Within this context, NBB's employees provided a relatively high level of support to various local organizations whose operations directly benefit low- and moderate-income residents and support small business development. Bank employees support these organizations by providing them with financial expertise, serving as directors, and managing fundraising campaigns. Examples of organizations that NBB supported during the evaluation period include the following:

Community Services

- After Gateway
- American Children's Home
- Communities in Schools
- Community Foundation of Greater Greensboro
- Family Services
- Interactive Resource Center
- Macedonia Family Resource Center
- Pastor's Pantry
- Rockingham County Coalition to End Homelessness
- The Life Center
- United Way
- Women's Leadership Council
- Women's Resource Center

Affordable Housing

- Habitat for Humanity of Davidson County
- Habitat for Humanity of Forsyth County
- Lexington Housing Community Development Corporation
- Reidsville Housing Authority

Economic Development

- Greensboro Partnership

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE WILMINGTON, NC MSA ASSESSMENT AREA

During 2013, NBB delineated the entire Wilmington, NC MSA as its assessment area, which included all of Brunswick, New Hanover, and Pender counties, North Carolina. According to the 2010 census data, the assessment area has a population of 362,315 and a median housing value of \$205,494. The owner-occupancy rate for the assessment area equals 51.5%, which is below the rate for North Carolina (58.4%). The percentage of area families living below the poverty level in the assessment area (9.6%) is less than the statewide rate (11.4%). During 2013, median family income in the Wilmington, NC MSA equaled \$62,700. The following table includes pertinent demographic data for the 2013 assessment area.

Assessment Area Demographics

Wilmington, NC MSA								
<i>(Based on 2010 ACS Boundaries and 2013 D&B information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	5	5.3	3,389	3.6	1,463	43.2	19,289	20.5
Moderate	17	18.1	14,393	15.3	2,259	15.7	16,916	17.9
Middle	44	46.8	50,671	53.8	4,490	8.9	20,229	21.5
Upper	24	25.5	25,811	27.3	802	3.1	37,830	40.1
NA	4	4.3	0	0.0	0	0.0		
Total	94	100.0	94,264	100.0	9,014	9.6	94,264	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	2,481	2.4	7,958	5.3	3,170	39.8	35,826	24.0
Moderate	14,099	13.7	24,245	16.2	4,779	19.7	23,911	16.0
Middle	55,425	53.9	77,583	52.0	10,135	13.1	27,272	18.3
Upper	30,895	30.0	39,511	26.5	3,221	8.2	62,288	41.7
NA	0	0.0	0	0.0	0	0.0		
Total	102,900	100.0	149,297	100.0	21,305	14.3	149,297	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	1,127	5.3	1,003	5.2	75	7.4	49	6.3
Moderate	3,151	14.9	2,863	14.8	178	17.5	110	14.2
Middle	9,826	46.6	8,998	46.6	449	44.1	379	49.1
Upper	6,948	33.0	6,406	33.2	309	30.4	233	30.3
NA	47	0.2	40	0.2	6	0.6	1	0.1
Total	21,099	100.0	19,310	100.0	1,017	100.0	772	100.0
	Percentage of Total Businesses:			91.5		4.8		3.7

*NA-Tracts without household or family income as applicable

As noted in Appendix C, updated MSA boundaries became effective in 2014 that changed the composition of the bank's Wilmington, NC MSA assessment area. As a result of the MSA boundary changes, Brunswick County, North Carolina was removed from the Wilmington, NC MSA and added to the Myrtle Beach-Conway-N. Myrtle Beach, NC-SC MSA. Consequently, the bank's Wilmington, NC MSA assessment area includes all of New Hanover and Pender counties, North Carolina during 2014. The assessment area includes the entire MSA.

As of the date of the evaluation, NBB operates three branches within the Wilmington, NC MSA assessment area. NBB ranked 11th out of 19 institutions in deposit market share having 2.3% of the assessment area's available FDIC insured deposits, as of June 2014.

According to the 2010 census data, the 2014 assessment area has a population of 254,884 and a median housing value of \$212,210. The owner-occupancy rate for the assessment area equals 54%, which is less than the rate for North Carolina (58.4%). The percentage of area families living below the poverty level in the assessment area (9.3%) is less than the statewide rate (11.4%). During 2014, the median family income for the Wilmington, NC MSA equaled \$65,200. The following table includes pertinent demographic data for the 2014 assessment area based on the 2010 census.

Assessment Area Demographics

Wilmington, NC MSA (Based on 2010 ACS Boundaries, and 2014 D&B information)									
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low	5	8.2	3,389	5.4	1,463	43.2	12,979	20.5	
Moderate	12	19.7	9,095	14.4	1,388	15.3	11,187	17.7	
Middle	24	39.3	29,975	47.4	2,337	7.8	13,908	22.0	
Upper	17	27.9	20,802	32.8	676	3.2	25,187	39.8	
NA	3	4.9	0	0.0	0	0.0			
Total	61	100.0	63,261	100.0	5,864	9.3	63,261	100.0	
	Owner Occupied Units by Tract	Households							
		HHs by Tract		HHs < Poverty by Tract		HHs by HH Income			
		#	%	#	%	#	%	#	
Low		2,481	3.7	7,958	7.7	3,170	39.8	25,481	24.5
Moderate		8,024	11.8	16,979	16.3	3,950	23.3	16,322	15.7
Middle		32,397	47.8	47,216	45.4	5,885	12.5	18,523	17.8
Upper		24,815	36.7	31,735	30.6	2,549	8.0	43,562	42.0
NA		0	0.0	0	0.0	0	0.0		
Total		67,717	100.0	103,888	100.0	15,554	15.0	103,888	100.0
	Total Businesses by Tract	Businesses by Tract and Revenue Size							
		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported			
		#	%	#	%	#	%	#	
Low		1,021	7.4	906	7.3	67	7.9	48	10.5
Moderate		2,055	14.9	1,825	14.6	173	20.4	57	12.4
Middle		5,386	39.1	4,850	38.8	338	39.9	198	43.2
Upper		5,282	38.3	4,864	39.0	264	31.1	154	33.7
NA		47	0.3	40	0.3	6	0.7	1	0.2
Total		13,791	100.0	12,485	100.0	848	100.0	458	100.0
Percentage of Total Businesses:				90.5		6.2		3.3	

*NA-Tracts without household or family income as applicable

Among major industries in the area are education, health care, manufacturing, and retail services. Major area employers include The University of North Carolina Wilmington, New Hanover Regional Medical Center, PPD (pharmaceutical development), North Carolina Department of Public Safety, Walmart stores, local government, and area school systems. Recent periodic unemployment rates are included in the following table:

Geographic Area	Unemployment Rate Trend				
	June 2011	June 2012	June 2013	June 2014	June 2015
Brunswick County	11.6%	10.7%	9.6%	7.4%	7.1%
New Hanover County	10%	8.9%	8%	6%	5.6%
Pender County	11.8%	10.6%	9.5%	7.1%	6.3%
Wilmington, NC MSA	10.4%	9.2%	8.3%	6.2%	5.7%
State of North Carolina	10.7%	9.6%	8.5%	6.4%	6.1%

Area unemployment rates have trended down since the bank's previous evaluation in 2011. In general, unemployment rates in New Hanover and Pender counties have declined at a rate similar to that of the state. Unemployment rates in Brunswick County are persistently elevated in relation to the rates in the MSA and overall state.

A local affordable housing official was contacted during the evaluation to discuss local economic conditions and community needs. The contact stated that there is a need for more affordable housing within the local community. The contact explained that while there is new construction within the local area, that most of it is occurring in the beachfront communities for vacation homes and rental properties, and that there was relatively little new construction or rehabilitation work occurring outside of the beachfront communities. The contact indicated that local financial institutions are reasonably meeting the credit needs of the local market.

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE:

LENDING TEST

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

During 2013 and 2014, NBB reported originating \$59.9 million in HMDA and \$33.5 million in small business loans in this assessment area. Accordingly, the residential mortgage lending performance is given more weight than the small business lending performance when evaluating overall lending performance.

Lending Activity:

While bank lending by dollar volume within the assessment area (5.3%) lags the percentage of area branches (7%), it approximates the proportion of bank deposits (5.6%). According to 2013 aggregate data, the institution ranked 28th of 394 reporters of mortgage lending with a .7% market share and ranked 13th of 53 reporters of small business loans with a 1.3% market share. NBB's lending activity is considered good.

Geographic Distribution:

NBB's geographic distribution performance for both HMDA and small business loans is considered adequate.

Distribution of HMDA Loans by Income Level of Census Tract

Wilmington, NC MSA (2013)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
	(49) Home Purchase				(8,443)			
Low	2	4.1	217	1.7	145	1.7	20,414	1.2
Moderate	5	10.2	307	2.4	845	10.0	118,526	6.9
Middle	20	40.8	3,157	24.4	4,737	56.1	862,898	50.0
Upper	22	44.9	9,254	71.5	2,716	32.2	724,020	42.0
	(84) Refinance				(10,606)			
Low	1	1.2	62	0.3	192	1.8	70,903	2.7
Moderate	4	4.8	495	2.3	931	8.8	228,867	8.9
Middle	33	39.3	6,761	31.9	5,747	54.2	1,240,593	48.0
Upper	46	54.8	13,885	65.5	3,736	35.2	1,043,635	40.4
	(0) Home Improvement				(437)			
Low	0	0.0	0	0.0	17	3.9	1,196	3.4
Moderate	0	0.0	0	0.0	61	14.0	3,733	10.6
Middle	0	0.0	0	0.0	238	54.5	16,743	47.4
Upper	0	0.0	0	0.0	121	27.7	13,616	38.6
	(2) Multi-Family				(14)			
Low	0	0.0	0	0.0	2	14.3	32,904	53.2
Moderate	0	0.0	0	0.0	1	7.1	374	0.6
Middle	1	50.0	2,983	86.9	7	50.0	26,920	43.5
Upper	1	50.0	450	13.1	4	28.6	1,624	2.6
	HMDA Totals							
Low	3	2.2	279	0.7	356	1.8	125,417	2.8
Moderate	9	6.7	802	2.1	1,838	9.4	351,500	8.0
Middle	54	40.0	12,901	34.3	10,729	55.0	2,147,154	48.7
Upper	69	51.1	23,589	62.9	6,577	33.7	1,782,895	40.4
NA*	0	0.0	0	0.0	15	0.1	3,793	0.1
Total	135	100.0	37,571	100.0	19,515	100.0	4,410,759	100.0

NA*-Tracts without household or family income as applicable

Compared to the performance of aggregate lenders, the bank's home purchase lending performance in low- and moderate-income tracts is considered excellent because of the strength of its performance of lending in low-income census tracts. Conversely, the bank's refinance performance is considered poor. When considering product volume, NBB's refinance performance is given more weight than its home purchase performance because of the larger volume of refinance lending. Given the limited overall volume of home improvement and multifamily housing loans within the assessment area by the aggregate lenders, the bank's performance for these products was given limited weight when considering NBB's overall level of performance.

During 2013, the bank's overall level of lending in low-income census tracts (2.2%) approximated the proportion of owner-occupied housing units located in such tracts (2.4%) and exceeded the aggregate lending level (1.8%). The bank's level of lending in moderate-income census tracts (6.7%) lagged both the proportion of owner-occupied housing units located in such tracts (13.7%) and the aggregate lending level (9.4%). Overall, the bank's performance during 2013 is adequate, and its performance during 2014 is similar.

Distribution of Small Business Loans by Income Level of Census Tract

Wilmington, NC MSA (2013)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	4	4.3	2,019	9.7	349	5.0	18,373	5.3
Moderate	7	7.5	1,804	8.7	900	12.9	51,446	14.8
Middle	50	53.8	8,406	40.6	3,086	44.3	138,764	40.0
Upper	32	34.4	8,498	41.0	2,627	37.7	137,757	39.7
NA*	0	0.0	0	0.0	10	0.1	613	0.2
Total	93	100.0	20,727	100.0	6,972	100.0	346,953	100.0

*NA-Tracts without household or family income as applicable

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

NBB’s level of small business lending in low-income census tracts (4.3%) during 2013 approximated the percentage of area businesses located in such areas (5.3%) and the aggregate lending level (5%). The bank’s level of lending in moderate-income census tracts lagged both the percentage of businesses located in moderate-income census tracts (14.9%) and the aggregate lending level (12.9%). The bank’s performance during 2013 is considered adequate in large part because of the strength of the bank’s low-income census tract lending performance.

During 2014, the bank’s overall level of lending in low- and moderate-income census tracts declined. During 2014, the bank reported originating 63 loans totaling \$12.7 million within the assessment area. Of these loans, two (3.2%) totaling \$1.2 million were originated within low-income census tracts, and two (3.2%) loans totaling \$1 million were originated in moderate-income census tracts. The bank's performance during 2014 is considered poor.

Overall, the bank's HMDA lending performance during 2013 and 2014 is considered adequate based upon the relative performance for each year and the greater dollar volume of lending during 2013.

Distribution by Borrower Income and Revenue Size of the Business:

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

Distribution of HMDA Loans by Income Level of Borrower

Wilmington, NC MSA (2013)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	HMDA Totals							
Low	4	3.2	282	0.9	1,120	6.6	111,687	3.3
Moderate	13	10.3	1,543	4.7	2,954	17.4	375,821	11.3
Middle	32	25.4	5,119	15.5	3,550	20.9	555,134	16.6
Upper	77	61.1	26,060	78.9	9,380	55.1	2,297,231	68.8
Total	126	100.0	33,004	100.0	17,004	100.0	3,339,873	100.0
Unknown	9		4,567		2,511		1,070,886	

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

NBB's lending to low-income borrowers (3.2%) lagged the percentage of low-income families (20.5%) and the aggregate lending level (6.6%) within the assessment area during 2013. Similarly, the bank's level of lending to moderate-income borrowers (10.3%) also lagged the percentage of such families (17.9%) and the aggregate lending level (17.4%) within the assessment area. The bank's performance during 2013 is poor.

During 2014, the bank's performance improved. NBB reported originating 80 loans totaling \$21.6 million for which the borrowers' incomes were known during 2014. Of these loans, eight (10%) totaling \$683,000 were to low-income borrowers, and seven (8.8%) totaling \$813,000 were to moderate-income borrowers. Overall, the bank's performance during 2014 is considered adequate primarily because of the strength of the bank's performance in lending to low-income borrowers.

As noted previously, the assessment area configuration changed from 2013 to 2014, resulting in a smaller geographic delineation and this explains in part the lesser volume of lending in 2014. The distribution of families by family income did not change significantly despite the assessment area change, therefore opportunity to lend to borrowers of different income levels did not change materially. Notwithstanding the poor borrower lending performance in 2013 when lending volume was greater, when balanced by the improved performance in 2014 the overall residential mortgage lending borrower performance is considered adequate. This result is largely due to the excellent 2014 lending to low-income borrowers offsetting the lending to moderate-income borrowers performance that though poor approached an adequate level in 2013.

Distribution of Lending by Loan Amount and Size of Business

Wilmington, NC MSA (2013)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	64	68.8	15,148	73.1	3,541	50.0	170,746	48.8
Over \$1 Million	29	31.2	5,579	26.9	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	38	40.9	1,952	9.4	6,345	89.5	98,977	28.3
\$100,001-\$250,000	29	31.2	4,802	23.2	382	5.4	67,424	19.3
\$250,001-\$1 Million	26	27.9	13,973	67.4	361	5.1	183,375	52.4
Total	93	100.0	20,727	100.0	7,088	100.0	349,776	100.0

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

D&B data from 2013 indicates that 91.5% of all local businesses have revenues that do not exceed \$1 million per year. Aggregate lending data from 2013 indicate that 50% of reported small business loans were to businesses having revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 55.5% were made to businesses having annual revenues of \$1 million or less. NBB's level of lending to businesses having revenues of \$1 million or less (68.8%) is considered excellent during 2013, and its performance during 2014 is similar.

Community Development Lending:

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

The bank did not report any community development loans in this assessment area. To the extent that NBB made loans that facilitate community development, such loans have already been reported as small business, small farm, or HMDA loans and cannot also be reported as community development loans.

INVESTMENT TEST

During the evaluation period, NBB made charitable donations totaling \$2,900 that specifically benefited the Wilmington, NC MSA assessment area.

Activities that benefit multiple assessment areas or the broader statewide area, which include the bank's assessment areas, include:

- An equity investment totaling \$5 million in the CRA Qualified Investment Fund.
- A bond totaling \$2 million issued by the NCHFA.
- Equity investments totaling approximately \$4.1 million in SBIC funds.
- Charitable donations totaling \$17,700 were made that support organizations that provide qualified community development services within this and other bank assessment areas or the statewide area.

NBB's level of investment activity exhibits good responsiveness to area community development needs when considering investment opportunities and its market presence.

SERVICE TEST

Within this assessment area, NBB's performance under the service test is considered adequate. Systems for delivering retail- banking services are readily accessible to all portions of the assessment area. Also, bank employees have participated in an adequate level of community development services, given the size, location, and financial capacity of the institution.

Retail Services:

Delivery systems are readily accessible to all portions of the assessment area. Currently, NBB operates three branch offices within this assessment area. Of these branches, none are located in low-income census tracts and one (33.3%) is located in a moderate-income census tract. According to recent demographic data, 7.7% and 16.3% of area households are located in low- and moderate-income census tracts, respectively. The current branch information for this assessment area does not include NBB's six offices located in Brunswick County, North Carolina, which were acquired in October 2013. During 2013, Brunswick County, North Carolina, was part of the Wilmington, NC MSA; however, it became part of the Myrtle Beach-Conway-N. Myrtle Beach, NC-SC MSA following MSA boundary changes that were effective in 2014. But for this MSA change that caused six area branches to move to another assessment area, NBB has neither opened nor closed any branch offices within this assessment area since its previous evaluation.

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

Community Development Services:

Opportunities for providing community development services are reasonably available within the Wilmington, NC MSA assessment area. Specific to this assessment area, a bank employee provided homeownership counseling to clients of the Cape Fear Habitat for Humanity. As previously mentioned, bank employees also provide financial expertise to the United Way of Cape Fear Area and The Catherine Kennedy Home Foundation. The operations of these two organizations benefit this and other bank assessment areas. The bank and its employees participated in an adequate level of community development services during the evaluation period.

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION’S OPERATIONS IN METROPOLITAN AREAS

Certain assessment areas, which are noted in the table below, were reviewed using the limited review evaluation procedures. Information detailing the composition of the markets, including selected demographic data, is included in Appendix B of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

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

Assessment Area	Lending Test	Investment Test	Service Test
Charlotte-Gastonia-Concord, NC-SC MSA	Below	Consistent	Below
Myrtle Beach-Conway-N. Myrtle Beach, NC MSA	Consistent	Consistent	Consistent
Raleigh-Cary, NC MSA	Consistent	Consistent	Below

NONMETROPOLITAN AREA

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN DAVIDSON COUNTY, NORTH CAROLINA ASSESSMENT AREA

During 2013, the Davidson County, NC NonMSA assessment area included all of Davidson County, North Carolina. Because of MSA boundary changes effective in 2014, Davidson County, North Carolina, was added to the Winston-Salem, NC MSA and became part of the bank's Greensboro-Winston-Salem-High Point, NC CSA assessment area.

According to the 2010 census data, the assessment area population equals 162,878 and has a median housing value of \$128,193. The owner-occupancy rate for the assessment area equaled 66.1%, while the rate for nonmetropolitan areas in North Carolina equals 57.5%. The percentage of area families living below the poverty level in the assessment area (11%) is less than the family poverty level in nonmetropolitan areas in the state (13.8%). The median family income for nonmetropolitan areas in North Carolina equaled \$48,300 during 2013. The following table includes pertinent demographic data for the 2013 assessment area.

Assessment Area Demographics

Davidson County, NC NonMSA (Based on 2010 ACS Boundaries and 2013 D&B information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	5.9	1,860	4.1	879	47.3	8,294	18.4
Moderate	5	14.7	5,526	12.2	1,077	19.5	7,084	15.7
Middle	14	41.2	20,291	44.9	2,297	11.3	9,159	20.3
Upper	13	38.2	17,481	38.8	697	4.0	20,621	45.6
NA	0	0.0	0	0.0	0	0.0		
Total	34	100.0	45,158	100.0	4,950	11.0	45,158	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	1,157	2.4	2,944	4.6	1,248	42.4	13,156	20.4
Moderate	4,579	9.7	9,131	14.2	1,844	20.2	9,769	15.1
Middle	21,863	46.3	28,934	44.9	4,311	14.9	10,972	17.0
Upper	19,631	41.6	23,475	36.3	1,583	6.7	30,587	47.5
NA	0	0.0	0	0.0	0	0.0		
Total	47,230	100.0	64,484	100.0	8,986	13.9	64,484	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	455	6.5	410	6.4	27	7.5	18	8.5
Moderate	1,135	16.2	1,010	15.7	88	24.4	37	17.5
Middle	2,884	41.2	2,668	41.5	133	36.8	83	39.2
Upper	2,526	36.1	2,339	36.4	113	31.3	74	34.8
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	7,000	100.0	6,427	100.0	361	100.0	212	100.0
	Percentage of Total Businesses:			91.8		5.2		3.0

*NA-Tracts without household or family income as applicable

The local economy's major employers include the Davidson County Board of Education, local government, Atrium Windows and Doors (manufacturing), Old Dominion Freight Line, Walmart stores, Thomasville Medical Center, and Lexington Medical Center.

As indicated in the following table, unemployment rates within Davidson County and the state both declined during the three-year period ending in June 2013. Since June 2012, the unemployment rate within the county has closely tracked the overall statewide rate.

Geographic Area	Unemployment Rate Trend		
	June 2011	June 2012	June 2013
Davidson County	11.5%	9.9%	8.7%
State of North Carolina	10.7%	9.6%	8.5%

An official from a local community service organization was contacted during the evaluation to discuss local economic conditions and community needs. The contact suggested that area financial institutions could increase their level of services to low-income residents by lowering fees and offering products designed for customers that have blemished banking histories. The contact also suggested that the local community would benefit from greater access to financial literacy programs and noted the need for more affordable housing units within the local community. Nonetheless, the contact indicated that local financial institutions are adequately meeting local credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE:

LENDING TEST

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

Within this assessment area during 2013, NBB originated \$25 million in HMDA and \$28.2 million in small business loans within the assessment area. Accordingly, the bank's small business lending performance is given slightly more weight than its residential mortgage lending performance when evaluating the bank's overall performance.

Lending Activity:

When considering the bank's lending activity and deposit volume during 2013, NBB's dollar volume of lending (17.6%) within this assessment area lagged the proportion of area deposits (34.5%) within the assessment area. However, according to 2013 aggregate data, the institution ranked 8th of 204 reporters of mortgage lending with a 3.2% market share and ranked 2nd of 36 reporters of small business loans with a 12.1% market share. The level of lending activity is considered good.

Geographic Distribution:

NBB's geographic distribution performance for HMDA is considered good, while the performance for small business is considered excellent. Overall, geographic distribution is considered excellent given the strength of the bank's small business lending performance and its relative larger volume.

Distribution of HMDA Loans by Income Level of Census Tract

Davidson County, NC NonMSA (2013)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
	(45)				(1,731)			
	Home Purchase							
Low	1	2.2	33	0.4	31	1.8	2,394	1.0
Moderate	5	11.1	484	6.6	177	10.2	16,478	6.8
Middle	14	31.1	2,364	32.2	673	38.9	91,909	38.0
Upper	25	55.6	4,464	60.8	850	49.1	131,211	54.2
	(73)				(2,902)			
	Refinance							
Low	0	0.0	0	0.0	48	1.7	4,406	0.8
Moderate	6	8.2	869	7.0	220	7.6	24,476	4.3
Middle	27	37.0	3,774	30.5	1,134	39.1	287,905	50.2
Upper	40	54.8	7,719	62.4	1,500	51.7	256,482	44.7
	(37)				(208)			
	Home Improvement							
Low	1	2.7	4	0.9	3	1.4	87	0.8
Moderate	4	10.8	18	4.2	23	11.1	983	8.9
Middle	13	35.1	128	29.6	96	46.2	4,400	39.8
Upper	19	51.4	283	65.4	86	41.3	5,586	50.5
	(2)				(6)			
	Multi-Family							
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	3	50.0	1,565	21.3
Middle	1	50.0	230	4.8	2	33.3	1,180	16.1
Upper	1	50.0	4,600	95.2	1	16.7	4,600	62.6
	HMDA Totals							
Low	2	1.3	37	0.1	82	1.7	6,887	0.8
Moderate	15	9.6	1,371	5.5	423	8.7	43,502	5.2
Middle	55	35.0	6,496	26.0	1,905	39.3	385,394	46.2
Upper	85	54.1	17,066	68.4	2,437	50.3	397,879	47.8
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	157	100.0	24,970	100.0	4,847	100.0	833,662	100.0

NA*-Tracts without household or family income as applicable

While the bank's level of lending in low-income census tracts (1.3%) lagged the proportion of owner-occupied housing units located in such areas (2.4%), it approximated the aggregate lending level (1.7%). NBB's lending in moderate-income census tracts (9.6%) approximated the proportion of owner-occupied housing units located in such tracts (9.7%) and the aggregate lending level (8.7%). Overall, the bank's performance during 2013 is considered good.

Distribution of Small Business Loans by Income Level of Census Tract

Davidson County, NC NonMSA (2013)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
Low	9	4.1	269	1.0	94	5.2	6,593	6.1
Moderate	58	26.6	8,348	29.6	292	16.2	22,689	20.9
Middle	70	32.1	10,001	35.5	667	37.0	38,151	35.2
Upper	81	37.2	9,580	33.9	752	41.6	40,948	37.8
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	218	100.0	28,198	100.0	1,805	100.0	108,381	100.0

*NA-Tracts without household or family income as applicable

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

While the bank’s level of small business lending in low-income census tracts (4.1%) slightly lagged both the percentage of businesses in such areas (6.5%) and the aggregate reporter level (5.2%), its lending in moderate-income census tracts (26.6%) substantially exceeded the percentage of area businesses in moderate-income census tracts (16.2%) and the aggregate level of lending (16.2%). The bank’s performance is excellent and reflects the strength of its moderate-income census tract performance.

Distribution by Borrower Income and Revenue Size of the Business:

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

Distribution of HMDA Loans by Income Level of Borrower

Davidson County, NC NonMSA (2013)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	16	10.7	421	2.2	231	5.7	16,305	3.0
Moderate	28	18.7	1,762	9.1	711	17.6	64,211	12.0
Middle	31	20.7	2,707	14.0	1,006	25.0	111,903	20.9
Upper	75	49.9	14,480	74.7	2,083	51.7	342,812	64.1
Total	150	100.0	19,370	100.0	4,031	100.0	535,231	100.0
Unknown	7		5,600		816		298,431	

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

During 2013, the bank’s lending to low-income borrowers (10.7%) lagged the percentage of area low-income families (18.4%) but substantially exceeded the aggregate lending (5.7%) to such borrowers. Bank lending to moderate-income borrowers (18.7%) exceeded the percentage of area moderate-income families (15.7%) and approximated the aggregate lending level (17.6%). NBB’s performance is considered excellent primarily because of its low-income borrower performance.

Distribution of Lending by Loan Amount and Size of Business

Davidson County, NC NonMSA (2013)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	143	65.6	13,482	47.8	971	52.9	53,760	49.4
Over \$1 Million	74	33.9	14,691	52.1	NA	NA	NA	NA
Unknown	1	0.5	25	0.1	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	148	67.9	6,657	23.6	1,596	87.0	29,824	27.4
\$100,001-\$250,000	41	18.8	6,780	24.0	129	7.0	21,925	20.2
\$250,001-\$1 Million	29	13.3	14,761	52.4	110	6.0	57,058	52.4
Total	218	100.0	28,198	100.0	1,835	100.0	108,807	100.0

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

D&B data from 2013 indicates that 91.8% of all local businesses have revenues that do not exceed \$1 million per year. Aggregate lending data from 2013 indicate that 52.9% of reported small business loans were to businesses having revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had

unknown revenues. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 64.2% were made to businesses having annual revenues of \$1 million or less. NBB's level of lending to businesses having revenues of \$1 million or less (65.6%) is considered good.

Community Development Lending:

As previously indicated, community development lending opportunities were limited within the Davidson County, NC NonMSA assessment area. While opportunities may have been limited, NBB faced no constraints in originating community development loans within the assessment area given its financial capacity and business strategy.

Specific to this assessment area, NBB originated and/or renewed four loans totaling \$1.5 million that benefited low and moderate-income people during the evaluation period. The loans were provided to organizations that provide affordable housing and community services. As previously mentioned, NBB also originated two community development loans totaling \$203,332 that benefited this and another of the bank's assessment areas.

The volume of community development lending extended by the bank within the assessment area is good when considering the bank's capacity and available opportunities.

INVESTMENT TEST

During the evaluation period, NBB made charitable donations totaling \$27,000 that specifically benefited the Davidson County, NC NonMSA assessment area.

Activities that benefit multiple assessment areas or the broader statewide area, which may include the bank's assessment areas, include:

- An equity investment totaling \$5 million in the CRA Qualified Investment Fund.
- A bond totaling \$2 million issued by the NCHFA.
- Equity investments totaling approximately \$4.1 million in SBIC funds.
- Charitable donations totaling \$20,500 were made that support organizations that provide qualified community development services within this and other bank assessment areas or the statewide area.

NBB's level of investment activity exhibits good responsiveness to area community development needs when considering investment opportunities and its market presence.

SERVICE TEST

Within this assessment area, NBB's performance under the service test is considered excellent. Systems for delivering retail- banking services are readily accessible to all portions of the assessment area. Also, bank employees are leaders in providing community development services within the assessment area when considering the bank's market presence and level of opportunities.

Retail Services:

Delivery systems were readily accessible to all portions of the assessment area. During 2013, NBB operated eight branch offices within this assessment area. Of these branches, none were located in low-income census tracts and four (50%) were located in moderate-income census tracts. According to demographic data from 2013, 4.6% and 14.2% of area households are located in low- and moderate-income census tracts, respectively. Following MSA boundary changes that were effective in 2014, Davidson County, North Carolina, became part of the Greensboro-Winston-Salem-High Point, NC CSA assessment area. During 2013, NBB neither opened nor closed any branch offices within the Davidson County, NC NonMSA assessment area.

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

Community Development Services:

As previously discussed, opportunities for providing community development services were limited within the Davidson County, NC NonMSA assessment area. Within this context, NBB's employees were leaders in providing support to various local organizations whose operations directly benefit low- and moderate-income residents and support small business development. Bank employees support these organizations by providing them with financial expertise, serving as directors, and managing fundraising campaigns. Examples of organizations that NBB supported since its previous evaluation through year-end 2013 included the following:

Community Services

- American Children's Home
- Communities in Schools
- Pastor's Pantry
- The Life Center
- United Way

Affordable Housing

- Habitat for Humanity
- Lexington Housing Community Development Corporation

Economic Development

- Davidson Vision
- DavidsonWorks

NONMETROPOLITAN STATEWIDE AREA

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

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NONMETROPOLITAN STATEWIDE AREA

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

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

Assessment Area	Lending Test	Investment Test	Service Test
Sampson County, NC NonMSA	Below	Consistent	Below

APPENDIX A

Loan, Branch, and Deposit Volume by Assessment Area

The following table includes the distribution of NBB’s branch offices, along with deposit and loan volume. The deposit volume includes all bank deposits and is current as of June 30, 2014, while the loan volume includes all reported HMDA, small business, and small farm loans considered in the evaluation.

Assessment Area	HMDA/CRA Loan Volume				Branches		Deposit Volume	
	#	%	\$ 000s	%	#	%	\$000s	%
Greensboro-Winston-Salem-High Point, NC CSA	1,465	52.7%	\$1,473,451	83.1%	27	62.8%	\$1,368,496	73.4%
Davidson County, NC NonMSA *	382	13.7%	\$54,080	3%	-	-	-	-
Wilmington, NC MSA	379	13.6%	\$93,572	5.3%	3	7%	\$103,495	5.6%
Raleigh-Cary, NC MSA	328	11.8%	\$78,750	4.4%	4	9.3%	\$201,194	10.8%
Charlotte-Gastonia-Concord, NC-SC MSA	153	5.5%	\$61,229	3.5%	1	2.3%	\$16,830	.9%
Myrtle Beach-Conway-N. Myrtle Beach, NC MSA	55	2%	\$10,631	.6%	6	14%	\$146,606	7.9%
Sampson County, NC NonMSA	17	.6%	\$1,603	.1%	1	2.3%	\$26,064	1.4%
Charleston-North Charleston, SC MSA **	NA	NA	NA	NA	1	2.3%	NA	NA
Total	2,779	100%	\$1,773,316	100%	43	100%	\$1,862,685	100%

* In 2014, Davidson County, NC became part of the Greensboro-Winston-Salem-High Point, NC CSA assessment area. The Davidson County, NC NonMSA assessment area lending volume in the table is from calendar year 2013. Lending volume from 2014, as well as, branch and deposit volume is included in the Greensboro-Winston-Salem-High Point, NC CSA assessment area in the table. The bank operates eight branches with deposit accounts totaling \$434.2 million within Davidson County, NC.

** Because NBB opened its branch in the Charleston-North Charleston, SC MSA assessment area on July 13, 2015, there is no loan or deposit volume to include in the table.

CRA APPENDIX B
LIMITED REVIEW TABLES

Charlotte-Gastonia-Concord, NC-SC MSA Assessment Area

This assessment area includes all of Mecklenburg County, North Carolina.

Performance Test Data for the Charlotte-Gastonia-Concord, NC-SC MSA Assessment Area

LENDING TEST

Limited Review Lending Table

Charlotte-Gastonia-Concord, NC-SC MSA (2013)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(28)				(3)			
Low	0	0.0	3.3	5.2	0	0.0	4.1	5.2
Moderate	0	0.0	14.1	18.0	0	0.0	14.1	18.0
Middle	2	7.1	22.6	24.8	0	0.0	19.3	24.8
Upper	26	92.9	60.0	52.0	3	100.0	62.5	52.0
	Refinance				Multi-Family			
<i>Geographic</i>	(20)				(1)			
Low	0	0.0	3.1	5.2	1	100.0	20.0	5.2
Moderate	0	0.0	12.5	18.0	0	0.0	27.7	18.0
Middle	0	0.0	22.3	24.8	0	0.0	20.0	24.8
Upper	20	100.0	62.2	52.0	0	0.0	32.3	52.0
	HMDA Totals				Consumer			
<i>Geographic</i>	(52)				(NA)			
Low	1	1.9	3.2	5.2	NA	NA	NA	NA
Moderate	0	0.0	13.2	18.0	NA	NA	NA	NA
Middle	2	3.8	22.4	24.8	NA	NA	NA	NA
Upper	49	94.2	61.2	52.0	NA	NA	NA	NA
<i>Borrower</i>	(51)				(NA)			
Low	1	2.0	7.2	20.8	NA	NA	NA	NA
Moderate	3	5.9	16.9	16.6	NA	NA	NA	NA
Middle	6	11.8	19.9	19.5	NA	NA	NA	NA
Upper	41	80.4	55.9	43.1	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(39)				(0)			
Low	5	12.8	11.6	10.7	0	0.0	2.6	5.9
Moderate	0	0.0	14.1	17.0	0	0.0	12.8	8.7
Middle	8	20.5	19.3	21.5	0	0.0	20.5	18.3
Upper	26	66.7	55.1	49.4	0	0.0	64.1	66.2
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	22	53.7	48.9	89.4	0	0.0	51.3	96.3

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

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

NA represents no activity in the income category

While the bank's performance during 2014 is stronger than its performance during 2013, NBB extended a larger dollar volume of HMDA and small business loans during 2013. The bank also originated three community development loans totaling \$10.8 million within the assessment area during the evaluation period.

INVESTMENT TEST

Charitable donations totaling \$1,500 were made in this assessment area. Additional qualified investment activity includes the activities previously discussed for the institution.

SERVICE TEST

The bank operates one branch within this assessment area located in an upper-income census tract. This branch was opened since the bank's previous evaluation. Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. The bank participated in one community development service activity that benefited this and another bank assessment area.

Myrtle Beach-Conway-N. Myrtle Beach, NC MSA Assessment Area

This assessment area includes all of Brunswick County, North Carolina, which became a bank assessment area in 2014 following MSA boundary changes. During 2013, Brunswick County was part of the bank’s Wilmington, NC MSA assessment area.

Performance Test Data for Myrtle Beach-Conway, N. Myrtle Beach, NC MSA Assessment Area

LENDING TEST

Limited Review Lending Table

Myrtle Beach-Conway-N. Myrtle Beach, NC MSA (2014)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(14)				(4)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	NA	15.2	2	50.0	NA	15.2
Middle	10	71.4	NA	55.3	1	25.0	NA	55.3
Upper	4	28.6	NA	29.5	1	25.0	NA	29.5
	Refinance				Multi-Family			
<i>Geographic</i>	(14)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	7.1	NA	15.2	0	0.0	NA	15.2
Middle	5	35.7	NA	55.3	0	0.0	NA	55.3
Upper	8	57.1	NA	29.5	0	0.0	NA	29.5
	HMDA Totals				Consumer			
<i>Geographic</i>	(32)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	9.4	NA	15.2	NA	NA	NA	NA
Middle	16	50.0	NA	55.3	NA	NA	NA	NA
Upper	13	40.6	NA	29.5	NA	NA	NA	NA
<i>Borrower</i>	(29)				(NA)			
Low	2	6.9	NA	18.6	NA	NA	NA	NA
Moderate	5	17.2	NA	18.0	NA	NA	NA	NA
Middle	4	13.8	NA	20.8	NA	NA	NA	NA
Upper	18	62.1	NA	42.6	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(22)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	13.6	NA	15.9	NA	NA	NA	NA
Middle	14	63.6	NA	51.1	NA	NA	NA	NA
Upper	5	22.7	NA	33.0	NA	NA	NA	NA
<i>Revenue</i>	(19)				(NA)			
Busn/ Farms with revenues <=\$1 M	19	86.4	NA	92.4	NA	NA	NA	NA

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

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

NA represents no activity in the income category

No community development loans were reported as having been extended within this assessment area during the evaluation period.

INVESTMENT TEST

Charitable donations totaling \$350 were made in this assessment area. Additional qualified investment activity includes the activities previously discussed for the institution.

SERVICE TEST

The bank operates six branches within this assessment area and one (16.7%) is located in a moderate-income census tract. All six branches were acquired through the acquisition of Securities Savings Bank in October 2013. No branch offices have been closed in this assessment area since the bank's previous evaluation. Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. The bank participated in two community development service activities that specifically benefited this assessment area and two service activities that benefitted this assessment area as well as one other assessment area during the evaluation period.

Raleigh-Cary, NC MSA Assessment Area

This assessment area includes all of Wake County, North Carolina.

Performance Test Data for Raleigh-Cary, NC MSA Assessment Area

LENDING TEST

Limited Review Lending Table

Raleigh-Cary, NC MSA (2013)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(55)				(1)			
Low	1	1.8	1.4	2.0	0	0.0	2.3	2.0
Moderate	6	10.9	13.8	17.0	0	0.0	14.3	17.0
Middle	15	27.3	43.6	38.2	0	0.0	39.0	38.2
Upper	33	60.0	41.2	42.9	1	100.0	44.4	42.9
	Refinance				Multi-Family			
<i>Geographic</i>	(27)				(2)			
Low	0	0.0	1.5	2.0	1	50.0	15.1	2.0
Moderate	5	18.5	12.9	17.0	0	0.0	32.3	17.0
Middle	4	14.8	37.0	38.2	0	0.0	23.7	38.2
Upper	18	66.7	48.6	42.9	1	50.0	29.0	42.9
	HMDA Totals				Consumer			
<i>Geographic</i>	(85)				(NA)			
Low	2	2.4	1.5	2.0	NA	NA	NA	NA
Moderate	11	12.9	13.4	17.0	NA	NA	NA	NA
Middle	19	22.4	39.9	38.2	NA	NA	NA	NA
Upper	53	62.4	45.2	42.9	NA	NA	NA	NA
<i>Borrower</i>	(82)				(NA)			
Low	8	9.8	7.7	19.5	NA	NA	NA	NA
Moderate	16	19.5	18.3	15.8	NA	NA	NA	NA
Middle	17	20.7	23.4	19.6	NA	NA	NA	NA
Upper	41	50.0	50.6	45.1	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(30)				(0)			
Low	1	3.3	3.4	4.2	0	0.0	1.2	1.6
Moderate	3	10.0	15.3	18.0	0	0.0	9.6	11.3
Middle	6	20.0	34.1	34.1	0	0.0	33.7	47.5
Upper	20	66.7	47.2	43.6	0	0.0	55.4	39.7
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	20	66.7	48.6	90.2	0	0.0	55.4	98.7

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

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

NA represents no activity in the income category

The bank's performance during 2014 is similar to its performance during 2013. NBB originated one community development loan totaling \$300,000 during the evaluation within this assessment area.

INVESTMENT TEST

Charitable donations totaling \$5,700 were made in this assessment area. Additional qualified investment activity includes the activities previously discussed for the institution.

SERVICE TEST

The bank operates four branches within this assessment area, and one is located in a moderate-income census tract (25%). All of the bank's branches within this assessment area were either opened or acquired since the bank's previous evaluation. Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. The bank participated in one community development service activity that benefited this assessment area during the evaluation period.

Sampson County, NC NonMSA Assessment Area

This assessment area includes all of Sampson County, North Carolina. All of the middle-income census tracts within the assessment area are classified as being distressed because of comparatively high poverty rates. This assessment area was added in 2014 following the bank’s acquisition of CapStone Bank.

Performance Test Data for Sampson County, NC NonMSA Assessment Area

LENDING TEST

Limited Review Lending Table

Sampson County, NC NonMSA (2014)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(2)				(3)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	NA	4.7	0	0.0	NA	4.7
Middle	2	100.0	NA	95.3	3	100.0	NA	95.3
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	Refinance				Multi-Family			
<i>Geographic</i>	(4)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	25.0	NA	4.7	0	0.0	NA	4.7
Middle	3	75.0	NA	95.3	0	0.0	NA	95.3
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	HMDA Totals				Consumer			
<i>Geographic</i>	(9)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	11.1	NA	4.7	NA	NA	NA	NA
Middle	8	88.9	NA	95.3	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Borrower</i>	(8)				(NA)			
Low	0	0.0	NA	23.3	NA	NA	NA	NA
Moderate	1	12.5	NA	18.9	NA	NA	NA	NA
Middle	0	0.0	NA	18.0	NA	NA	NA	NA
Upper	7	87.5	NA	39.8	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(4)				(4)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	NA	4.2	0	0.0	NA	6.5
Middle	4	100.0	NA	95.8	4	100.0	NA	93.5
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	3	75.0	NA	90.9	3	75.0	NA	96.5

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

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

NA represents no activity in the income category

No community development loans were reported as having been extended within this assessment area during the evaluation period.

INVESTMENT TEST

Qualified investment activity within this assessment area includes the activities previously discussed for the institution.

SERVICE TEST

The bank operates one branch office within this assessment area located in a middle-income census tract. This branch office was acquired through the acquisition of CapStone Bank in April 2014. Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves.

CRA APPENDIX C

Assessment Area Composition

The following table details NBB’s delineated assessment areas during 2013.

Assessment Areas During 2013	County	State	Census Tracts Included
Greensboro-Winston-Salem-High Point, NC CSA	Forsyth County	NC	All
	Guilford County	NC	All
	Rockingham County	NC	All
	Stokes County	NC	All
Davidson County, NC NonMSA	Davidson County	NC	All
Wilmington, NC MSA	Brunswick County	NC	All
	New Hanover County	NC	All
	Pender County	NC	All
Raleigh-Cary, NC MSA	Wake County	NC	All
Charlotte-Gastonia-Concord, NC-SC MSA	Mecklenburg County	NC	All

Changes to NBB’s assessment areas occurred during 2014 following its acquisition of CapStone Bank and because of changes to MSA boundaries following the 2010 census.

Assessment Areas During 2014	County	State	Census Tracts Included
Greensboro-Winston-Salem-High Point, NC CSA *	Davidson County	NC	All
	Forsyth County	NC	All
	Guilford County	NC	All
	Rockingham County	NC	All
	Stokes County	NC	All
Wilmington, NC MSA	New Hanover County	NC	All
	Pender County	NC	All
Raleigh-Cary, NC MSA	Wake County	NC	All
Charlotte-Gastonia-Concord, NC-SC MSA	Mecklenburg County	NC	All
Myrtle Beach-Conway-N. Myrtle Beach, NC MSA **	Brunswick County	NC	All
Sampson County, NC NonMSA ***	Sampson County	NC	All

* Because of MSA changes, Davidson County, NC became part of the Greensboro-Winston-Salem-High Point, NC CSA in 2014.

** New assessment area created following MSA changes when Brunswick County, NC moved from the Wilmington, NC MSA to the Myrtle Beach-Conway-N. Myrtle Beach, NC-SC MSA.

*** Assessment area was added following NBB’s acquisition of CapStone Bank in April 2014.

CRA APPENDIX D

Branch and Acquisition Activity

Assessment Area Name	Date	# Branches Opened or Acquired	# Branches Closed
Greensboro-Winston-Salem-High Point, NC CSA	April 19, 2013		2
Raleigh-Cary, NC MSA	April 1, 2013	1	
Charlotte-Gastonia-Concord, NC-SC MSA	May 1, 2013	1	
Wilmington, NC MSA	October 1, 2013	6	
Raleigh-Cary, NC MSA	April 1, 2014	3	
Sampson County, NC NonMSA	April 1, 2014	1	
Greensboro-Winston-Salem-High Point, NC CSA	February 28, 2015	1	
Charleston-North Charleston, SC MSA *	July 13, 2015	1	

* NBB has delineated all of Berkeley County, South Carolina as an assessment following the opening of this branch. Because the branch was only recently opened, NBB's performance in the assessment area is not considered in this evaluation.

During the evaluation period, NBB acquired the following financial institutions:

Name of Institution	Date of Acquisition	Principal Market Area
Security Savings Bank, SSB	October 1, 2013	Brunswick County, NC
CapStone Bank	April 1, 2014	Wake County, NC Sampson County, NC
Premier Commercial Bank	February 28, 2015	Guilford County, NC Forsyth County, NC

CRA APPENDIX E

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.

Loans, investments, and services that-

- (i) Support, enable or facilitate projects or activities that meet the "eligible uses" criteria described in Section 2301(c) of the Housing and Economic Recovery Act of 2008 (HERA), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development in accordance with the Neighborhood Stabilization Program (NSP);
- (ii) Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees; and
- (iii) Benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or areas outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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