



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

**First National Bank & Trust Company
Charter Number: 8953**

**101 Sunset Avenue
Asheboro, NC 27204**

Office of the Comptroller of the Currency

**ADC-Carolinas (Charlotte)
6100 Fairview Road Suite 1154
Charlotte, NC 28210**

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, and should not 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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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**.

The following table indicates the performance level of **First National Bank & Trust Company** (FNB) with respect to the Lending, Investment, and Service Tests:

Performance Levels	FNB 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 when arriving at an overall rating.

The major factors that support this rating include:

- FNB's lending levels reflect a good responsiveness to meeting the credit needs of the assessment area (AA).
- FNB's geographic distribution of loans is excellent. The distribution of loans by income level of the borrower is good.
- FNB originates a substantial majority of its loans in the AA.
- FNB's dollar amount of investments in the AA is good given the available community development (CD) opportunities.
- FNB's delivery systems are accessible to geographies and individuals of different income levels throughout the full-scope AA. The level of CD services has a positive impact on the service test rating given the fact that services are centered around identified CD needs.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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 MA/AA.

Block Numbering Area (BNA): A statistical subdivision of a county for grouping and numbering blocks in non-MA counties where local census statistical area committees have not established geographies. A BNA does not cross county lines.

Census Tract (CT): 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 areas. Geographies usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Geographies are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development (CD): 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.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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 household and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

Geography: A census tract or a block numbering area 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 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 (e.g., approved, denied, and withdrawn).

Home Mortgage Loans: such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., 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 MA/AA.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

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

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

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

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

Rated Area: A rated area is a state or multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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.

Description of Institution

First National Bank & Trust Company (FNB), founded in 1907, is an intrastate bank headquartered in Asheboro, NC. FNB had total assets of \$620 million as of June 30, 2003. FNB's primary market is Randolph County with 72% of its deposit base in the county. The bank operates 18 bank branches (including the Midtown Drive-Up Branch) in its AA comprised of Randolph, Chatham, Richmond, Moore, Scotland, and Montgomery counties. Randolph County is included in the Greensboro/ High Point/ Winston-Salem Metropolitan Area (MA), Chatham County is included in the Raleigh-Durham MA, and all other counties are non-MAs. FNB operates 10 branches in Randolph County, seven branches in non-MAs, and one branch in Chatham County. The bank has 17 automated teller machines (ATMs) throughout the AA.

Since the last CRA evaluation period (1997-1998), the bank's AA enlarged with Moore, Scotland, and Richmond counties added from the merger of Richmond Savings Bank (RSB) into FNB. FNB is a wholly owned subsidiary of First National Bank Corporation (FNBC), a multi-bank holding company traded on the NASDAQ Exchange under the stock symbol FNBN. FNBC, established in 1984, is also headquartered in Asheboro, NC. As of June 30, 2003, FNBC had total assets of \$809 million. FNBC acquired Carolina Fincorp, Inc. (CFI), holding company for RSB in April 2000. The acquired entities were headquartered in Rockingham, NC.

FNB has one operating subsidiary, First National Investor Services, Inc. (FNBIS). FNBIS provides trust and brokerage services; however, the services provided have no impact on the bank's CRA performance.

FNB is a full-service community bank that offers a variety of banking products and services. As of June 30, 2003, gross loans totaled \$420 million and deposits totaled \$490 million. Net loans represent 68% of total assets. The loan portfolio mix is 48% commercial and industrial, 30% residential real estate, 11% non-farm non-residential real estate, 4% individuals, 3% construction and development, 1% municipalities, 1% agricultural production and 2% other. Commercial loan categories represent 64% of gross loans. As illustrated by the loan mix, FNB is primarily a commercial lender. Small farm lending is not a significant product for the bank. FNB's Tier One Capital is \$57 million with Tier One Risk-Based Capital to Risk Weighted Assets of 12% and a Tier One Leverage Capital ratio of 9.28%.

There are no legal, financial or other factors impeding the bank's ability to help meet the credit needs in its AA. FNB's CRA performance was rated Satisfactory in the last Performance Evaluation dated November 8, 1999.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance under the Lending, Investment, and Service Tests. In evaluating the bank's lending performance, we reviewed home mortgages subject to filing under the HMDA and small loans to businesses and farms subject to filing under the CRA.

The evaluation period for the home mortgage loans, small loans to businesses and farms is from January 1, 1999 through December 31, 2002. The service and investment tests and community development loans evaluation period is from January 1, 1999 through November 3, 2003.

Data Integrity

We tested the accuracy of FNB's HMDA and CRA (including small loans to businesses and farms) loan data during April 2003. We found the bank's data accurate and reliable.

We verified CD loans, investments, and services submitted by bank management to ensure the items met the regulatory definition for CD. Some items submitted by the bank for consideration were excluded from this evaluation because they did not meet the definition or purpose of CD.

Selection of Area for Full-Scope Review

The Randolph County AA received a full-scope review. Randolph County is the largest of the six AAs and is located in the Greensboro/High Point/Winston-Salem MA. The bank has 72% of its deposits and 73% of its loans in this AA. Ten of the 18 bank branches operate in the county.

Chatham County received a limited-scope review. Chatham County is located in the Raleigh-Durham MA. The bank has a small deposit market share of 3.72% and operates one bank branch in the county. The non-MA counties of Montgomery, Moore, Richmond, and Scotland received limited-scope reviews based on the small deposit market share of 5.79%. The bank operates seven branches in the non-MAs. Refer to Appendix A for more information.

Ratings

The bank's overall rating is based primarily on its performance in the Randolph County AA. Home mortgage and small business loans were the primary areas of focus in assessing the bank's lending performance. In light of the bank's business strategy and the volume of commercial loans on the bank's books (64% of gross loans), we applied more weight to small business lending in arriving at the bank's overall lending performance. In terms of home

mortgage loans, we applied more weight to the home refinance category since this type of mortgage lending had the largest volume. We also considered home purchase and home improvement loans since we identified affordable and decent housing as credit needs in the bank's AA. We allowed more consideration with respect to borrower distribution, as there are no low-income geographies in the bank's AA and few moderate-income geographies.

Other

We contacted three community service organizations that service Randolph County. The needs identified were elderly issues related to housing and care, preparing children for school, employment, affordable housing, mortgage assistance, and recruiting more companies to the area.

The opportunities for participation were monetary contributions, volunteerism, home ownership education, credit counseling, money management, more traditional banking needs as an alternative to check-cashing businesses, homeownership counseling, assisting non-profit organizations, and housing consortiums.

Fair Lending Review

We found no evidence of illegal discrimination or other illegal credit practices.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the Lending Test is rated High Satisfactory. Based on full-scope reviews, the bank's performance in Randolph County is good.

Conclusions for Area Receiving Full-Scope Review

Lending Activity

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's lending activity.

Lending activity in Randolph County is good in light of the bank's business focus. The bank holds the largest market share of deposits in the county. The bank ranks first in home refinance and second in small business loans. However, small business loans rank first in terms of dollars originated at \$64 million. This dollar volume is more than twice that of the financial institution that ranks second in terms of dollars. The bank ranks fourth in home purchase loans and fourth for home improvement loans. In Randolph County, the bank competes with two large nationally known mortgage companies who hold rankings of one and three. The bank's small farm lending market rank of second is below its deposit market rank. However, the bank is only two loans short of the financial institution ranked first in the market.

Multifamily Loans

The volume of multifamily lending in the Randolph County was insignificant and not used in the Lending Test evaluation, as the bank originated only two multifamily loans during the evaluation period.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home purchase loans is excellent in Randolph County. The portion of loans made in moderate-income geographies exceeds the percent of owner occupied units in comparable geographies. In addition, the market share of home purchase loans in moderate-income geographies exceeds the bank's overall market share in the county.

The geographic distribution of home improvement loans is excellent in Randolph County. The portion of loans made in moderate-income geographies exceeds the percent of owner occupied units in comparable geographies. In addition, the market share of home improvement loans in moderate-income geographies exceeds the bank's overall market share in the county.

The geographic distribution of home refinance loans is excellent in Randolph County. The portion of loans originated in moderate-income geographies exceeds the percent of owner occupied units within comparable geographies. However, the market share of home refinance loans in moderate-income geographies is below the bank's overall market share in the county.

Small Loans to Businesses

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses in Randolph County is excellent. The distribution of small loans to businesses in moderate-income geographies exceeds the percent of businesses in comparable geographies. In addition, the bank's market share of small loans to businesses in moderate-income geographies exceeds its overall market share of small business loans in the county.

Small Loans to Farms

Refer to Table 7 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

The geographic distribution of small loans to farms in Randolph County is excellent. The distribution of small loans to farms in moderate-income geographies exceeds the percent of farms in comparable geographies. The bank's market share of small loans to farms in moderate-income geographies meets its overall market share of small farm loans in the county.

Lending Gap Analysis

A review of the geographic dispersion of the bank's home mortgage, small business and small farm loans did not reveal any unexplained conspicuous gaps in the bank's lending practices.

Inside/Outside Ratio

The bank originated a substantial majority of its loans within its AA. For home mortgage, small business, and small farm loans, the bank originated 91%, 86%, and 98% of its loans, respectively, in the AA. This analysis was performed at the overall bank level and not the AA level. It had a positive impact on the overall geographic distribution conclusion.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

In evaluating the bank's performance in lending to low-income borrowers, we considered households in the AA who live below the poverty level. More than 10% of the households in the AA live below the poverty level. This factor also limits opportunities for those households with incomes below the poverty level to support home refinance and home improvement loans. Considering the moderate percentage of families living below the poverty level, the bank's lending performance is good. Approximately 31% of the households categorized as low-income families in the bank's AA live below the poverty level. This makes it somewhat difficult for some of these families to afford and maintain a home.

Home purchase loan borrower distribution in Randolph County is good. The portion of loans originated to low-income borrowers is significantly below the percent of low-income families in the county. However, the portion of loans made to moderate-income borrowers is near to the percent of moderate-income families in the county. The market share of home purchase loans to both low- and moderate-income borrowers is below the bank's overall market share for this type of loan.

Home improvement loan borrower distribution in Randolph County is excellent. The percentage of loans originated to low- and moderate-income borrowers exceeds the percent of low- and moderate-income families in the county. The market share of loans to low-income borrowers is below demographics and to moderate-income borrowers exceeds the bank's overall market share of home improvement loans.

Home refinance loan borrower distribution in Randolph County is good considering the number of households living below the poverty level. The portion of loans originated to low-income borrowers is significantly below the percent of low-income families within the county. However, the portion of loans originated to moderate-income borrowers exceeds the percent of moderate-income families within the county. The market share of loans to low-income borrowers exceeds the bank's overall market share of home refinance loans. However, the market share to moderate-income borrowers is below the bank's overall market share of home refinance loans.

Small Loans to Businesses

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses in Randolph County is adequate. The percentage of loans to small businesses is below the percentage of small businesses. The bank's market share of small loans to small businesses exceeds its overall small business loan market share. The bank also makes a significant majority of these loans in smaller amounts.

Small Loans to Farms

Refer to Table 12 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

The borrower distribution of small loans to farms in Randolph County is excellent. The percentage of loans to small farms exceeds the percentage of small farms in the county. The bank's market share of small loans to farms meets its overall small farm loan market share. The bank also makes a significant majority of these loans in smaller amounts.

Community Development Lending

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. However, Table 5 does not separately list CD loans.

Community development lending had a neutral impact on lending performance in Randolph County. During the evaluation period, the bank originated two CD loans totaling \$57 thousand. The bank's CD loans originated to an organization that provides services to low- and moderate- income individuals.

Product Innovation and Flexibility

The bank has one flexible mortgage loan program, First Solution Mortgage that is offered in the AA. This program meets an affordable housing need identified in Randolph County and has a positive impact on the bank's performance under the lending test. The program offers a 97% or 100% loan-to-value ratio. The maximum loan amount varies with the HUD Median Family Income for low- and moderate-income borrowers for each applicable county. Private Mortgage Insurance is not required, expanding qualifying ratios are allowed and any necessary down payment may be in the form of a gift. The bank closed thirteen loans totaling \$965 thousand during the evaluation period.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Chatham County and Non-MAs is not inconsistent with the bank's overall High Satisfactory performance under the Lending Test. Refer to Tables 2 through 12 in Appendix C for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test is rated High Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review, the bank's performance in Randolph County is good.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

The bank provided five current period investments totaling \$1.2 million during the evaluation period. Contributions benefited affordable housing objectives and community services targeted at low- and moderate-income individuals. Investment activity is moderately responsive to the needs of Randolph County. Based on community contacts conducted during this review and reviews of other banks' CRA Public Evaluations, there is a limited level of community development investment opportunities in the AA.

Qualified investments located in a broader regional or statewide area surrounding the bank's AA that have the potential to benefit the AA were placed on a separate line in the investment table. These investments have a positive effect on the bank's AA.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in Chatham County and non-MAs is inconsistent and weaker than the bank's overall performance; however, it did not change the overall Investment Test rating. These areas were weaker due to no direct investments made in those AAs. Refer to Table 14 in Appendix C for the facts and data used to evaluate the banks level of qualified investments.

SERVICE TEST

The bank's performance under the Service Test is rated High Satisfactory. Based on a full-scope review, the bank's performance in Randolph County is good.

Conclusions for Areas Receiving Full-Scope Reviews

Retail Banking Services

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

FNB's delivery systems are accessible to geographies and individuals of different income levels in its AA. The bank has 10 bank branches including the Midtown Drive-Up Branch and 10 deposit-taking ATMs situated throughout Randolph County. There is one moderate-income geography and no low-income geographies in Randolph County. The percentage of branches in moderate-income geographies meets the percentage of the population residing in these geographies.

The bank offers a full range of services at each branch in its AA. The banking services and hours of operation Monday through Friday are the same for each branch with one exception. FNB has one banking office that opens on Saturdays until noon and is located in a middle-income geography.

The bank's record of opening and closing branches has not had a negative impact on the delivery of retail services to the AA, particularly in moderate-income areas. One branch located in Randolph Mall, a middle-income geography, was closed during this evaluation period due to low customer use.

Community Development Services

The bank's level of community development services is good based on the number of employees participating and the number of organizations benefiting from these services. During this evaluation period, several bank representatives provided financial services to nine qualified community organizations. Following is a description of six community development services provided in the bank's Randolph County AA:

- **Community Investment of Institutions:** The bank's president serves as Chairman of the Board of Directors for this organization. This organization is primarily concerned with providing long-term permanent financing for the development of low- and moderate-income multifamily and elderly housing.
- **Community Investment Corporation of North Carolina:** The bank's president serves as a trustee for this organization. The organization generates income from lawyers trust accounts to finance legal aid to low- and moderate-income individuals for housing market and predatory lending issues.
- **Habitat For Humanity:** Several bank officers serve in official capacities in this organization. This group's mission is to provide housing for low- and moderate-income families.
- **United Way of Randolph County:** A bank officer serves as chairperson of the Commercial Development division of this organization. The main goals of this division are to encourage affordable housing development, provide community education regarding housing needs, provide a networking structure, and advocate an affordable housing policy within the community.
- **Randolph County Human Race Group:** Several bank officers and employees have participated as officials and in fund raising activities. This organization raises funds for non-profit organizations involves in activities that aid low- and moderate families. Bank officers have also provided their financial expertise to this group by reviewing budgets and reviewing financial proposals.
- **Volunteer Center of the Human Race Foundation:** A bank officer serves as secretary for this organization. The mission of this group is to mobilize volunteers to address community needs and strengthen the capacities of local non-profit organizations that provide temporary housing, clothing, and food to low- and moderate-income persons.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in Chatham County is inconsistent and better than the bank's overall "High Satisfactory" performance under the service test. The one branch in Chatham County is located in a moderate-income geography. In non-MAs, the bank's performance is inconsistent and weaker than the bank's overall "High Satisfactory" performance under the service test. There are no branches in moderate-income areas. Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-MAs that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD Loans): 01/01/1999 to 12/31/02 Investment and Service Tests and CD Loans: 01/01/99 to 11/03/03)	
Financial Institution	Products Reviewed	
First National Bank & Trust Company (FNB) Asheboro, North Carolina	Home mortgage loans. Small business and small farm loans. Community Development loans, investments and services.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of AAs and Type of Examination		
AA	Type of Exam	Other Information
Randolph County- MA #3120	Full-Scope	All of Randolph County.
Chatham County- MA #6640	Limited-scope	Includes a portion of Chatham County.
Non-MA	Limited-scope	Includes all of Richmond County, and portions of Montgomery, Moore, and Scotland Counties.

Appendix B: Market Profiles for Full-Scope Areas

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Market Profile for Areas Receiving Full-Scope Review

Randolph County - MA #3120.....	B-2
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Randolph County - MA #3120

Demographic Information for Full-Scope Area: Randolph County MA # 3120						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	24	0.00	12.50	87.50	0.00	0.00
Population by Geography	106,546	0.00	10.30	89.70	0.00	0.00
Owner-Occupied Housing by Geography	31,637	0.00	9.68	90.32	0.00	0.00
Businesses by Geography	6,171	0.00	13.21	86.79	0.00	0.00
Farms by Geography	281	0.00	9.96	90.04	0.00	0.00
Family Distribution by Income Level	31,560	20.62	21.66	28.69	0.00	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	13,343	0.00	13.24	86.76	0.00	0.00
Median Family Income	= \$34,869	Median Housing Value		=\$58,848		
HUD Adjusted Median Family Income for 2002	= \$56,100	Unemployment Rate		=5.30%		
Households Below the Poverty Level	= 10.09%					

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 1990 U.S. Census, and 2002 HUD updated MFI.

The FNB AA includes all of Randolph County, a portion of the Greensboro/Winston-Salem/High Point MA. This MA includes the following eight counties: Alamance, Davidson, Davie, Forsyth, Guilford, Randolph, Stokes, and Yadkin. According to the 1990 U.S. census, Randolph County is the largest of the eight counties. There are 24 geographies in Randolph County. Of these, 12.50% are moderate-income and 87.50% are middle-income geographies. There are no low- or upper-income geographies in the county. Identified credit needs and services include affordable housing, housing and care for the elderly, small business loans, and mortgage assistance.

Bank competition is strong for Randolph County and not limited to the 10 commercial banks and two savings institutions. There are also credit unions, finance companies, and investment brokerage firms that compete for deposits, loans, and other financial services.

As of June 30, 2002, FNB ranked first in deposit market share in Randolph County. FNB operates 10 bank branches and 10 ATMs in Randolph County. One or 10% of the branches are located in moderate-income geographies and nine or 90% are located in middle-income geographies. One or 10% percent of the bank’s ATMs is located in a moderate-income geography and nine or 90% are located in middle-income geographies.

Randolph County is located 30 miles from Greensboro and Winston-Salem and 90 miles from Charlotte and Raleigh. Asheboro is the county seat for Randolph County and the home of the North Carolina Zoological Park, a natural habitat facility covering 1,400 acres. Another major attraction is Seagrove, NC, recognized as the pottery capital of the eastern seaboard. Other significant attractions include the Richard Petty Museum in Level Cross NC, the American Classic Motorcycle Museum in Asheboro, NC, the Vintage War Plane Museum at the Asheboro Municipal Airport, and the Uwharrie Mountains. While tourism plays a significant

part in the county's economic base, manufacturing comprises the largest percentage of the workforce. Major manufacturers in Randolph include Klaussner Furniture, Energizer Battery, Technimark, Inc., Ramtex, Sara Lee Knit, Acme McCrary Corporation, Sealy, Arrow International, Goodyear Tire & Rubber, and the Timken Company. The unemployment level has increased from 2.7% at the last CRA evaluation to 5.3% as of September 2003. The increase in unemployment results principally from weakened economic conditions related to the plant closures and job cuts in the manufacturing of textiles and furniture.

Appendix C: Tables of Performance Data

Note: Table 13. Geographic and Borrower Distribution for Consumer Loans (Optional Table) was eliminated from the standard tables.

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/AA. Community development loans to statewide or regional entities or made outside the bank’s AA may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of AA,” in the MA/AA column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/AA. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.

- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/AA. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

Table 12. Borrower Distribution of Small Loans to Farms - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/AA.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's AA. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of AA," in the MA/AA column and record the corresponding numbers and amounts in the "Qualified Investments" column.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Note: Table 13. Geographic and Borrower Distribution for Consumer Loans (Optional Table) was eliminated from the standard tables.

Table 1. Lending Volume

LENDING VOLUME												
Geography: North Carolina												
Evaluation Period: January 1, 1999 TO December 31, 2002												
MA/AA	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Randolph County - MA #3120	73.69	1,559	127,592	1,409	166,868	77	7,446	2	57	3,047	301,963	72.29
Limited Review:												
Chatham County MA #6640	4.84	102	7,095	85	9,815	12	1,073	1	227	200	18,210	3.32
Non-MAs	21.48	590	44,532	286	46,106	12	1,352	0	0	888	91,990	24.39

* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is January 1, 1999 to September 30, 2003.

*** Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: NORTH CAROLINA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002						% of Rated Area Deposits in AA***		
MA/AA:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**			Other Secured Consumer**	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)		#	\$ (000's)
Full Review:														
Randolph County - MA #3120	0.00	0	0	0	0	0	0	0	0	0	0	0	0	72.29
Limited Review:														
Chatham County - MA #6640	0.00	0	0	0	0	0	0	0	0	0	0	0	0	3.32
Non-MAs	0.00	0	0	0	0	0	0	0	0	0	0	0	0	24.39

* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Optional Product Line(s) is From January 01, 1999 to December 31, 2002.

*** Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: NORTH CAROLINA		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002	
MA/AA:	Other Unsecured Consumer Loans [*]		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
Full Review:					
Randolph County – MA # 3210	0	0	0	0	0
Limited Review:					
Chatham County – MA # 6640	0	0	0	0	0
Non-MAs	0	0	0	0	0

(*)The evaluation period for Optional Product Line(s) is from From January 1, 1999 to December 31, 2002.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE															
Geography: NORTH CAROLINA															
Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002															
MA/AA:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Randolph County – MA #3120	427	64.89	0.00	0.00	9.68	29.04	90.32	70.96	0.00	0.00	4.59	0.00	5.88	4.47	0.00
Limited Review:															
Chatham County – MA #6640	46	6.99	0.00	0.00	90.16	97.83	9.84	2.17	0.00	0.00	1.18	0.00	1.28	0.00	0.00
Non-MAs	182	28.12	0.00	0.00	5.24	19.78	69.59	61.54	25.17	18.68	3.81	0.00	0.00	6.06	1.74

* Based on 2002 Peer Mortgage Data: US & PR..

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT															
Geography: NORTH CAROLINA															
Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002															
MA/AA:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Randolph County –MA #3120	227	84.39	0.00	0.00	9.68	40.97	90.32	59.03	0.00	0.00	8.47	0.00	13.64	7.94	0.00
Limited Review:															
Chatham County –MA #6640	6	2.23	0.00	0.00	90.16	100.00	9.84	0.00	0.00	0.00	1.85	0.00	1.92	0.00	0.00
Non-MAs	35	13.38	0.00	0.00	5.24	42.86	69.59	48.57	25.17	8.57	3.72	0.00	0.00	3.47	5.41

* Based on 2002 Peer Mortgage Data: US & PR.

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE															Geography: NORTH CAROLINA Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002														
MA/AA:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography [*]																		
	#	% of Total ^{**}	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	Overall	Low	Mod	Mid	Upp														
Full Review:																													
Randolph County –MA #3120	903	67.34	0.00	0.00	9.68	20.60	90.32	79.40	0.00	0.00	8.67	0.00	6.01	8.92	0.00														
Limited Review:																													
Chatham County –MA #6640	50	3.73	0.00	0.00	90.16	86.00	9.84	14.00	0.00	0.00	1.76	0.00	1.74	2.00	0.00														
Non-MAs	372	28.93	0.00	0.00	5.24	8.33	69.59	65.86	25.17	25.81	4.53	0.00	2.44	6.29	2.87														

^{*} Based on 2002 Peer Mortgage Data: US & PR.

^{**} Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

^{***} Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: NORTH CAROLINA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002									
MA/AA:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography [*]					
	#	% of Total ^{**}	% of MF Units ^{***}	% BANK Loans	% MF Units ^{***}	% BANK Loans	% MF Units ^{***}	% BANK Loans	% MF Units ^{***}	% BANK Loans	Overall	Low	Mod	Mid	Upp	
Full Review:																
Randolph County – MA #3120	2	66.67	0.00	0.00	8.25	50.00	91.75	50.00	0.00	0.00	15.38	0.00	100.00	8.33	0.00	
Limited Review:																
Chatham County – MA #6640	0	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Non-MAs	1	33.33	0.00	0.00	5.26	0.00	61.39	100.00	33.35	0.00	25.00	0.00	0.00	25.00	0.00	

^{*} Based on 2002 Peer Mortgage Data: US & PR.

^{**} Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

^{***} Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES															
Geography: NORTH CAROLINA															
Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002															
MA/AA:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography [*]				
	#	% of Total ^{**}	% of Businesses ^{***}	% BANK Loans	% of Businesses ^{***}	% BANK Loans	% of Businesses ^{***}	% BANK Loans	% of Businesses ^{***}	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Randolph County – MA #3120	1,409	78.58	0.00	0.00	13.21	25.90	86.79	74.10	0.00	0.00	13.88	0.00	15.34	14.47	0.00
Limited Review:															
Chatham County – MA #6640	85	4.74	0.00	0.00	94.70	91.76	5.11	8.24	0.00	0.00	1.19	0.00	1.87	0.35	0.00
Non-MAs	286	16.68	0.00	0.00	4.94	11.89	66.91	67.48	28.15	20.63	3.07	0.00	1.45	3.74	2.70

^{*} Based on 2000 Peer Small Business Data: US & PR.

^{**} Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

^{***} Source Data - Dun and Bradstreet (2002).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS															Geography: NORTH CAROLINA		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002											
MA/AA:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*																	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp													
Full Review:																												
Randolph County – MA #3120	77	75.49	0.00	0.00	9.96	24.68	90.04	75.32	0.00	0.00	25.25	0.00	25.00	25.32	0.00													
Limited Review:																												
Chatham County – MA #6640	12	11.76	0.00	0.00	88.64	58.33	11.36	41.67	0.00	0.00	5.77	0.00	2.33	22.22	0.00													
Non-MAs	12	12.75	0.00	0.00	3.86	16.67	70.80	83.33	25.34	0.00	2.00	0.00	0.00	2.70	0.00													

* Based on 2002 Peer Small Business Data: US & PR.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2002).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: NORTH CAROLINA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002									
MA/AA:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share [*]					
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	Overall	Low	Mod	Mid	Upp	
Full Review:																
Randolph County –MA #3120	427	64.89	20.62	11.53	21.66	20.80	28.69	27.07	29.03	40.60	4.90	3.94	3.23	5.38	7.36	
Limited Review:																
Chatham County –MA #6640	46	6.99	26.61	65.91	26.07	18.18	28.70	2.27	18.62	13.64	1.33	1.49	1.61	0.00	2.13	
Non-MAs	182	28.12	18.56	6.49	16.29	18.92	22.44	23.24	42.71	49.73	4.23	10.96	4.83	4.26	3.47	

^{*} Based on 2002 Peer Mortgage Data: US & PR.

^{**} As a percentage of loans with borrower income information available. No information was available for 5.02% of loans originated and purchased by Bank.

^{***} Percentage of Families is based on the 1990 Census information.

^{****} Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: NORTH CAROLINA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002					Market Share [*]				
MA/AA:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}						
Full Review:																
Randolph County –MA #3120	227	84.39	20.62	27.10	21.66	33.18	28.69	21.50	29.03	18.22	8.93	5.88	15.87	6.06	6.82	
Limited Review:																
Chatham County –MA #6640	6	2.23	26.61	50.00	26.07	0.00	28.70	33.33	18.62	16.67	2.13	0.00	0.00	10.00	0.00	
Non-MAs	35	13.38	18.56	25.00	16.29	25.00	22.44	27.78	42.71	11.11	3.55	3.45	4.76	7.14	0.00	

^{*} Based on 2002 Peer Mortgage Data: US & PR.

^{**} As a percentage of loans with borrower income information available. No information was available for 6.32% of loans originated and purchased by Bank.

^{***} Percentage of Families is based on the 1990 Census information.

^{****} Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE															Geography: NORTH CAROLINA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002				
MA/AA:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*													
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp									
Full Review:																								
Randolph County – MA #3120	903	67.34	20.62	12.08	21.66	22.88	28.69	28.92	29.03	36.12	9.85	11.36	8.90	8.45	11.30									
Limited Review:																								
Chatham County – MA #6640	50	3.73	26.61	17.78	26.07	28.89	28.70	28.89	18.62	24.44	1.88	1.27	1.94	1.97	2.19									
Non-MAs	372	28.93	18.56	5.41	16.29	16.75	22.44	32.47	42.71	43.3	5.78	5.52	6.68	9.34	4.13									

* Based on 2002 Peer Mortgage Data: US & PR.

** As a percentage of loans with borrower income information available. No information was available for 4.10% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 1990 Census information.

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES									
Geography: NORTH CAROLINA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002				
MA/AA:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share *	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 Million or Less
Full Review:									
Randolph County –MA #3120	1,409	78.58	80.39	66.71	70.69	17.25	12.07	13.88	23.00
Limited Review:									
Chatham County –MA #6640	85	4.74	79.68	75.29	75.29	12.94	11.76	1.19	1.74
Non-MAs	286	16.68	77.34	68.53	60.49	20.28	19.23	3.07	4.87

* Based on 2002 Peer Small Business Data: US & PR.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B 2002).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 9.98% of small loans to businesses originated and purchased by the Bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS									
			Geography: NORTH CAROLINA		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002				
MA/AA:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share [*]	
	#	% of Total ^{**}	% of Farms ^{***}	% BANK Loans ^{****}	\$ 100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 Million or Less
Full Review:									
Randolph County –MA #3120	77	75.49	92.17	93.51	63.64	25.97	10.39	25.25	25.00
Limited Review:									
Chatham County –MA #6640	12	11.76	94.70	100.00	91.67	0.00	8.33	5.77	6.52
Non-MAs	12	12.75	91.46	100.00	75.00	8.33	16.67	2.00	2.10

* Based on 2002 Peer Small Business Data: US & PR.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B 2002).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 2.94% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
			Geography: NORTH CAROLINA		Evaluation Period: JANUARY 1, 1999 TO SEPTEMBER 30, 2003				
MA/AA:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Randolph County—MA #3120	0	0	5	1,221	5	1,221	0.00	0	0
Statewide/Regional Investments	18	165	31	5,312	49	5,477		2	1,300
Limited Review:									
Chatham County – MA #6640	0	0	0	0	0	0	0	0	0
Non-MAs	0	0	0	0	0	0	0	0	0

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: NORTH CAROLINA																	
Evaluation Period: JANUARY 1, 1999 TO SEPTEMBER 30, 2003																	
MA/AA:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Randolph County-MA #3120	72.29	10	55.56	N/A	10.00	90.00	N/A		1			-1		N/A	10.30	89.70	N/A
Limited Review:																	
Chatham County-MA #6640	3.32	1	5.56	N/A	100.00	0	N/A							N/A	90.30	9.70	N/A
Non-MAs	24.39	7	38.89	N/A	0	71.43	28.57	3*				+1	+2	N/A	6.58	70.71	22.71