



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

December 10, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CommunityOne Bank, National Association
Charter Number 8953

101 Sunset Avenue
Asheboro, NC 27203

Office of the Comptroller of the Currency

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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 **CommunityOne Bank, National Association** with respect to the Lending, Investment, and Service Tests:

Performance Levels	CommunityOne Bank, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Adequate responsiveness to credit needs in its assessment area(s) (AA(s)), taking into account the number and amount of home mortgage and small business loans in its AA(s).
- An adequate percentage of the bank's loans are made in the AA(s).
- A good geographic distribution of loans in its AA(s).
- A good distribution, particularly in its AA(s), of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.
- Adequate level of qualified investments in relationship to the bank’s financial capacity.
- No use of innovative or complex qualified investments.
- Adequate responsiveness to credit and community development needs, given the bank’s condition.
- Service delivery systems are accessible to its AA(s), particularly to low- or moderate-income geographies or to low- or moderate-income individuals.
- To the extent changes have been made, the banks opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals.
- Bank services do not vary in a way that inconveniences its AA(s), particularly low- and moderate-income geographies and low- and moderate-income individuals.
- Adequate level of community development services.

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/assessment area.

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

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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.

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

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (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 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 (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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/assessment area.

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 metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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.

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 at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

CommunityOne Bank, N.A. (COB or bank) is an intrastate financial institution established in 1907 and headquartered in Asheboro, North Carolina. The bank has 44 full-service branches and 42 non-deposit-taking ATMs that serve nine counties in five metropolitan areas and nine non-metropolitan counties throughout North Carolina. COB is wholly owned by FNB United Corp., a two bank holding company also headquartered in Asheboro, and owns two subsidiary companies, one of which is currently inactive. First National Investor Services, Inc. (FNIS), a financial subsidiary of COB, offers brokerage and insurance services. COB's sister bank is Bank of Granite, a state chartered bank headquartered in Granite Falls, North Carolina.

COB's business strategy involves offering a wide range of credit and deposit products and services for consumers and businesses, as well as wealth management and investor services through their subsidiary, FNIS. Deposit services include a variety of consumer and commercial checking and savings accounts, wire services, and various methods to access accounts and services electronically. Consumer credit services include a variety of residential mortgage and home equity products, credit cards, auto loans, and other closed-end loans for personal, household or family purposes. Commercial credit services include agricultural loans, real estate and construction loans, and loans to purchase equipment or for short-term working capital needs. Alternative delivery systems include online banking with bill-pay, 24-hour telephone banking, and mobile banking which provides real-time access to accounts using a cell phone, PDA or other mobile device.

As of September 30, 2012, total assets were \$1.5 billion. Total net loans outstanding were \$881 million and total deposits were \$1.3 billion. Net loans and leases represented 54.4% of total assets. By dollar amount, the loan portfolio was comprised of residential mortgage loans (61.9%), commercial loans including non-farm non-residential real estate (33.1%), construction and development loans (6.4%), consumer loans (5.0%), farm loans (1.8%) and municipal and other loans (0.8%). Net Tier 1 Capital as of September 30, 2012 was \$98.4 million. COB's Tier One Risk Based Capital to Risk Weighted Assets equaled 10.5% and Tier One Leverage Capital equaled 6.5%.

COB experienced significant financial difficulties during the majority of the evaluation period that impeded its ability to help meet the credit needs in its AAs. COB entered into an agreement with OCC in mid-2010 to address these issues. COB's ability to originate mortgage loans in its AAs was constrained in September 2010, when the Federal National Mortgage Association (FNMA) terminated the bank's ability to sell loans to this government sponsored agency. Further, as a result of its decreasing capital position, the bank reduced staff and ceased to make new investments in order to preserve capital and cash. In April 2011, the bank's capital position was considered critically undercapitalized by the OCC. In August 2011, the bank's capital position turned negative which eliminated the bank's lending limit and prevented the bank from lending any new funds to any borrower. Effective October 2011, COB was recapitalized with sufficient funds for the bank to meet regulatory capital requirements. In November 2011, mortgage lending recommenced. In February 2012, the bank was reinstalled as an approved seller-servicer with FNMA and began originating FNMA loans in June 2012. For the preceding 57 months ending September 30, 2012, COB reported net losses of approximately \$457 million. The bank's rating at its preceding CRA examination, dated January 7, 2008, was "*Satisfactory*".

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 mortgage loans reported under HMDA, as well as small loans to businesses reported under the CRA. The number of small loans to farms and loans for multi-family residential mortgages originated or purchased during the evaluation period were not sufficient to conduct a meaningful analysis and were not considered during this evaluation. COB originated only 148 (2.2%) loans to farms and 13 (0.2%) multifamily residential mortgages across all AAs during the evaluation period. Tables 5, 7, and 12 are not included in the PE.

With the exception of community development (CD) loans, the evaluation period for the Lending Test is October 1, 2007 through September 30, 2012. For CD loans, the Investment Test and the Services Test, the evaluation period is January 8, 2008 through December 10, 2012.

Tables of Performance Data, excluding Tables 1 and 14, are presented separately for the period ending December 31, 2011 and for calendar year 2012. For the period October 1, 2007, through December 31, 2011, we used data from the 2010 U.S. Census. For the period January 1 through December 10, 2012, we used data from the U.S. Census 2006-2010 American Community Survey (ACS). Tables 1 and 14 display data for Lending Volume and Qualified Investments respectively and encompass the entire evaluation period.

Data Integrity

As part of this CRA evaluation, the bank's publicly filed information on HMDA loans and small loans to businesses and farms was tested for accuracy. The test included an evaluation of the bank's processes to ensure that the data was reliable. We found no significant errors in the loan data. This evaluation is based on accurate data.

Selection of Areas for Full-Scope Review

We selected the Guilford-Randolph AA and the Non-MSA AAs for full-scope reviews. Non-MSA AAs are contiguous and were combined for purposes of this evaluation. As of June 30, 2012, the Guilford-Randolph AA represented 37% of total bank deposits and 39.5% of total loans originated and purchased during the evaluation period. The Non-MSA AAs represented 32% of total deposits and 32.0% of total loans originated and purchased during the evaluation period. Refer to the table in Appendix A for more information.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews.

Home mortgage products received more weight in evaluating the Lending Test than small loans to businesses. Approximately 53.7% of total loans originated during the evaluation period were home mortgage loans. Small business and small farm loans accounted for 44.1% and 2.2% respectively. In the full scope AAs, home mortgages and small business loans made up 49.9% and 46.9% respectively, of total loans originated in the Guilford-Randolph AA. In the Non-MSA AAs, home mortgage made up

64.5% and small business loans 33.1% of all loans originated during the evaluation period. As a result home mortgage loans and small business loans were weighted fairly equally in determining the overall lending test rating. Home mortgage loans were given slightly more weight than small business loans in the Non-MSA AA. Performance based on market share comparisons received less weight than did performance based on demographics.

Home refinance mortgages were given more weight in our analysis than home improvement loans and purchase mortgages. Home refinance loans represented 66.7% of total home mortgages across all AAs. In the Guilford-Randolph AA, they accounted for 65.9% of all home mortgages and in the Non-MSA AAs they accounted for 67.9% of all home mortgage originations.

Performance based on loans originated during the evaluation period beginning October 1, 2007 and ending December 31, 2011 was weighted more heavily than performance during 2012. The volume of loans originated during this period was significantly larger than the volume of loans originated during the nine month evaluation period for 2012.

Other

During our examination, we contacted a community non-profit housing organization serving Randolph County. This community contact indicated that unemployment rates were high in Randolph County and that additional affordable housing for LMI individuals is needed. We also discussed economic development needs within Rowan County with another community contact. According to this representative, Rowan County lost between 7,000 to 8,000 jobs during the economic downturn. In addition, the community contact stated that there are credit needs for start-up entrepreneurs, micro enterprise businesses, and small businesses.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the Guilford-Randolph AA was good. Performance in the Non-MSA AAs was good.

Lending Activity

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

Overall lending levels reflect adequate responsiveness to meeting the credit needs of the AA given COB's capacity and resource constraints during most of the evaluation period. In evaluating performance in the full-scope areas and determining the overall lending test rating, we considered the bank's financial condition and capacity to lend during parts of the evaluation period.

Performance relative to market share was considered for the period October 1, 2007 through December 31, 2011. Market share data for the period January 1 through December 31, 2012 was not available.

Guilford-Randolph AA

In the Guilford-Randolph AA, COB's lending levels reflect adequate responsiveness to meeting the credit needs of the AA.

COB has 11 branches and 36.9% of its deposits in the Guilford-Randolph AA. The bank is ranked 7th in deposits with a 5.4% market share as of June 30, 2012. There are 24 financial institutions with 188 banking offices throughout the AA.

Based on 2011 HMDA Peer Mortgage Data, COB had a 0.36% market share and ranked 41st out of 326 lenders in overall home mortgage lending in the Guilford-Randolph AA. COB had a 0.23% market share and ranked 56th out of 206 lenders in home purchase lending. COB had a 3.31% market share and ranked 7th out of 62 lenders in home improvement lending. The Bank had a 0.34% market share and ranked 35th out of 273 lenders in home refinance lending.

Based on 2011 aggregate market data, COB ranked 13th out of 64 CRA reporters in the Guilford-Randolph AA in making small loans to businesses with a 1.55% market share. COB had a 1.93% market share and ranked 12th out of 41 lenders in loans to small businesses (businesses with less than \$1 million in gross annual revenue (GAR)).

Non-MSA AAs

In the Non-MSA AAs, COB's lending levels reflect adequate responsiveness to meeting the credit needs of the AA.

COB has 18 branches and 31.6% of its deposits in the Non-MSA AAs. The bank is ranked 7th in deposits with a 5.0% market share as of June 30, 2012. There are 36 financial institutions with 224 banking offices throughout the AA.

Based on 2011 HMDA Peer Mortgage Data, COB had a 0.55% market share and ranked 31st out of 372 lenders in overall home mortgage lending in the Non-MSA AAs. COB had a 0.24% market share and ranked 57th out of 242 lenders in home purchase lending. COB had a 3.28% market share and ranked 6th out of 65 lenders in home improvement lending. COB had a 0.60% market share and ranked 26th out of 301 lenders in home refinance lending.

Based on 2011 aggregate market data, COB ranked 17th out of 66 CRA reporters in the Non-MSA AAs in making small loans to businesses with a 0.89% market share. COB had a 1.20% market share and ranked 16th out of 46 lenders in loans to small businesses (businesses with less than \$1 million in gross annual revenue (GAR)).

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.

Overall, the geographic distribution of loans is good. The distribution of HMDA loans is good. The distribution of small loans to businesses is excellent.

In evaluating performance, we considered the following factors:

- Opportunities to lend in low-income geographies in the Guilford-Randolph AA were limited. Owner-occupied units located in low-income census tracts comprised only 1.9% and 2.8% of total units in those geographies during census years 2000 and 2012, respectively.
- Opportunities to lend in low-income geographies in the Non-MSA AAs during 2012 were limited. Less than 1% of owner-occupied units were located in low-income geographies.
- Opportunities to lend to small businesses in low-income geographies in the Guilford-Randolph AA were limited. Based on the 2011 data, only 2.9% of businesses were located in low-income tracts. Based on the 2012 data, only 7.5% of businesses were located in low-income tracts.

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.

Home Purchase Loans

Guilford-Randolph AA

The geographic distribution of home purchase loans in the Guilford-Randolph AA was excellent.

Based on the 2000 census data, the geographic distribution of home purchase loans was good based on performance factors mentioned above. The bank's percent of home purchase loans in low-income geographies was significantly lower than the percent of owner-occupied units in low-income geographies. The bank's percent of home purchase loans in moderate-income geographies exceeded the percent of owner-occupied units in moderate-income geographies. COB made no home purchase loans within low-income or moderate-income geographies in the AA during 2011, the year to which performance was compared.

Based on the 2010 census data, the geographic distribution of home purchase loans was excellent based on performance context factors mentioned above. The bank made no loans in low-income geographies during the evaluation period. The bank's percent of home purchase loans in moderate-income geographies exceeded the percent of owner-occupied units in moderate-income geographies. COB made 40.0% of its loans in moderate-income geographies compared to 18.0% of owner-occupied units located in those geographies.

Non-MSA AAs

The geographic distribution of home purchase loans in the Non-MSA AA was excellent.

Based on the 2000 census data, the geographic distribution of home purchase loans was excellent. There were no low-income geographies in the Non-MSA AAs. The bank's percent of home purchase loans in moderate-income geographies exceeded the percent of owner-occupied units in moderate-income geographies. The bank's market share of home purchase loans in moderate-income geographies exceeded the bank's overall market share of home purchase loans.

Based on the 2010 census data, the geographic distribution of home purchase loans was excellent based on performance factors mentioned earlier. COB made no loans in low-income geographies in the Non-MSA AAs. The bank's percent of home purchase loans in moderate-income geographies exceeded the percent of owner-occupied units in moderate-income geographies.

Home Improvement Loans

Guilford-Randolph AA

The geographic distribution of home improvement loans in the Guilford-Randolph AA was excellent.

Based on the 2000 census data, the geographic distribution of home improvement loans was excellent based on performance factors mentioned earlier. COB made no loans in low-income geographies during the evaluation period. The bank's percent of home improvement loans in moderate-income geographies exceeded the percent of owner-occupied units in moderate-income geographies. The bank's market share of home improvement loans in moderate-income geographies exceeded the bank's market share of home improvement loans in moderate-income geographies. COB had a market share of 8.3% in moderate-income geographies compared to a market share of 3.4% overall.

Based on the 2010 census data, the geographic distribution of home improvement loans was excellent based on performance factors mentioned earlier. COB made no loans in low-income geographies in 2012. The bank's percent of home improvement loans in moderate-income geographies exceeded the percent of owner-occupied units in moderate-income geographies. COB made 35.3% of its loans in moderate-income geographies compared to 18.0% of owner-occupied units located in those geographies.

Non-MSA AAs

The geographic distribution of home improvement loans in the Non-MSA AA was adequate.

Based on the 2000 census data, the geographic distribution of home improvement loans was adequate. The bank's percent of home improvement loans in moderate-income geographies was somewhat lower than the percent of owner-occupied units in moderate-income geographies. COB made no loans in moderate-income geographies during 2011, the period to which performance was compared.

Based on the 2010 census data and performance factors mentioned earlier, the geographic distribution of home improvement loans was excellent. The bank's percent of home improvement loans in moderate-income geographies exceeded the percent of owner-occupied units in moderate-income geographies.

Refinance Loans

Guilford-Randolph AA

The geographic distribution of home refinance loans in the Guilford-Randolph AA was excellent.

Based on the 2000 census data and on performance factors mentioned earlier, the geographic distribution of home refinance loans was excellent. The bank's percent of home refinance loans in low-income geographies was significantly lower than the percent of owner-occupied units in low-income geographies. The bank's percent of home refinance loans in moderate-income geographies exceeded the percent of owner-occupied units in moderate-income geographies. COB made no loans in low-income geographies during 2011, the year to which performance was compared. The percent of home refinance loans in moderate-income geographies exceeded the bank's market share of home refinance loans in moderate-income geographies.

Based on the 2010 census data and on performance factors mentioned earlier, the geographic distribution of home refinance loans was excellent. COB made no loans in low-income geographies during 2012. The bank's percent of home refinance loans in moderate-income geographies exceeded the percent of owner-occupied units in moderate-income geographies. COB made 30.0% of its loans in moderate-income geographies compared to 18.0% of owner-occupied units located in those geographies.

Non-MSA AAs

The geographic distribution of home refinance loans in the Non-MSA AA was adequate.

Based on the 2000 census data, the geographic distribution of home refinance loans was adequate. The bank's percent of home refinance loans in moderate-income geographies was near to the percent of owner-occupied units in moderate-income geographies. The bank's market share of home refinance loans in moderate-income geographies was somewhat lower than the bank's market share of home refinance loans in moderate-income geographies.

Based on the 2010 census data, the geographic distribution of home refinance loans was adequate based on performance factors mentioned earlier. COB made no loans in low-income geographies during 2012. The bank's percent of home refinance loans in moderate-income geographies was somewhat lower than the percent of owner-occupied units in moderate-income geographies.

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 was excellent.

Guilford-Randolph AA

Based on the 2011 Dunn & Bradstreet small business data and on performance factors mentioned earlier, the distribution of small loans to businesses was excellent. The percent of small loans to businesses in low-income geographies was significantly lower than the percent of businesses located in low-income geographies. The percent of small loans to businesses in moderate-income geographies exceeded the percent of businesses located in moderate-income geographies. COB made no small loans to businesses in low-income tracts during 2011, the period to which performance was compared. The bank's market share of loans in the moderate-income geographies exceeded their overall market share of loans.

Based on the 2012 Dunn & Bradstreet small business data and on performance factors mentioned earlier, the distribution of small loans to businesses was excellent. The percent of small loans to businesses in low-income geographies was significantly lower than the percent of businesses located in low-income geographies. The percent of small loans to businesses in moderate-income geographies exceeded the percent of businesses located in moderate-income geographies.

Non-MSA AAs

Based on the 2011 Dunn & Bradstreet small business data, the distribution of small loans to businesses was excellent. The percent of small loans to businesses in moderate-income geographies exceeded the percent of businesses located in moderate-income geographies. The bank's market share of loans in the moderate-income geographies exceeded their overall market share of loans.

Based on the 2012 Dunn & Bradstreet small business data, the distribution of small loans to businesses was excellent. The percent of small loans to businesses in low-income geographies exceeded the percent of businesses located in low-income geographies. The percent of small loans to businesses in moderate-income geographies exceeded the percent of businesses located in moderate-income geographies.

Lending Gap Analysis

We evaluated the lending distribution in this AA to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies where loans were made to the geographies in the AA. We considered loan distributions, branch locations, competition, market conditions, demographic information, and bank capacity and restraints during the evaluation period. No unexplained conspicuous gaps were identified. This had a positive impact on the bank's geographic distribution of loans.

Inside/Outside Ratio

An adequate percentage of the bank's loans are made in their AAs. Overall, 78.9% of the bank's loan originations were within their AAs. For HMDA products, 80.8% of all originations were within the AAs. By loan product 74.4% of all purchase money mortgages, 89.30% of all home improvement loans, and 81.7% of all refinance mortgage loans were in the bank's AAs. For loans to businesses, 74.9% were in the bank's AAs.

This analysis was performed on the entire bank rather than by AA and factored into the overall analysis of the geographic distribution of lending by income level of geography.

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.

The overall distribution of loans by borrower income level in the AA was good. The distribution of home mortgage loans by borrower income level was good. The distribution of small loans to businesses was good. An adequate percentage of small loans to businesses were for amounts less than \$100 thousand.

We considered the following factors in evaluating the bank's performance in lending to low-income borrowers:

- Unemployment rates in the AAs have impacted economic conditions and may have affected the bank's loan demand. The unemployment rates were 9.3 percent and 9.6 percent in Guilford-Randolph AA and Non-MSA AA, respectively.
- Family poverty rates may have impacted lending opportunities among low-income families. Families below poverty may not have financial resources to obtain mortgage loans. According to 2000 Census data, the family poverty rates in Guilford-Randolph AA and in the Non-MSAs were 7.1 percent and the 9.2 percent, respectively. Based upon 2010 Census data, the family poverty rates in Guildford-Randolph AA and the Non-MSAs were 11.7 percent and 12.8 percent, respectively.

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.

Home Purchase Loans

Guilford-Randolph AA

The distribution of home purchase loans by income level of the borrower in the Guilford-Randolph AA was good.

Based on the 2000 census data, the distribution of home purchase loans by income level of the borrower in the AA was good. The bank's percent of home purchase loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of home purchase loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers was somewhat lower than their overall market share of loans. The bank's market share of loans to moderate-income borrowers was somewhat lower than their overall market share of loans.

Based on the 2010 census data, the distribution of home purchase loans by income level of the borrower in the AA was good. The bank's percent of home purchase loans to low-income borrowers was near to the percent of low-income families in the AA. The bank's percent of home purchase loans to moderate-income borrowers was near to the percent of moderate-income families in the AA.

Non-MSA AAs

The distribution of home purchase loans by income level of the borrower in the Non-MSA AAs was good.

Based on the 2000 census data, the distribution of home purchase loans by income level of the borrower in the AA was adequate. The bank's percent of home purchase loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of home improvement loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers was significantly lower than their overall market share of loans. COB made no loans to low-income borrowers in the AA during 2011, the period to which comparisons are made. The bank's market share of loans to moderate-income borrowers exceeded their overall market share of loans.

Based on the 2010 census data, the distribution of home purchase loans by income level of the borrower in the AA was adequate. The bank's percent of home purchase loans to low-income borrowers was significantly lower than the percent of low-income families in the AA. The bank's percent of home purchase loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA.

Home Improvement Loans

Guilford-Randolph AA

The distribution of home improvement loans by income level of the borrower in the Guilford-Randolph AAs was excellent.

Based on the 2000 census data, the distribution of home improvement loans by income level of the borrower in the AA was excellent. COB made 128 home improvement loans during the evaluation period. The bank's percent of home improvement loans to low-income borrowers exceeded the percent of low-income families in the AA. The bank's percent of home improvement loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers exceeded their overall market share of loans. The bank's market share of loans to moderate-income borrowers exceeded their overall market share of loans.

Based on the 2010 census data, the distribution of home improvement loans by income level of the borrower in the AA was poor. COB made 17 home improvement loans during 2012. The bank's percent of home improvement loans to low-income borrowers was somewhat lower than the percent of low-income families in the AA. COB made no loans to moderate-income borrowers in the AA during 2012.

Non-MSA AAs

The distribution of home improvement loans by income level of the borrower in the Non-MSA AA was good.

Based on the 2000 census data, the distribution of home improvement loans by income level of the borrower in the AA was excellent. The bank's percent of home improvement loans to low-income borrowers exceeded the percent of low-income families in the AA. The bank's percent of home improvement loans to moderate-income borrowers was near to the percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers exceeded their overall market share of loans. The bank's market share of loans to moderate-income borrowers was near to their overall market share of loans.

Based on the 2010 census data, the distribution of home improvement loans by income level of the borrower in the AA was adequate. The bank's percent of home improvement loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of home improvement loans to moderate-income borrowers was near to the percent of moderate-income families in the AA.

Refinance Loans

Guilford-Randolph AA

The distribution of home refinance loans by income level of the borrower in the Guildford-Randolph AA was good.

Based on the 2000 census data, the distribution of home refinance loans by income level of the borrower in the AA was good. The bank's percent of home refinance loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of home refinance loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers exceeded their overall market share of loans. The bank's market share of loans to moderate-income borrowers exceeded their overall market share of loans.

Based on the 2010 census data, the distribution of home refinance loans by income level of the borrower in the AA was adequate. The bank's percent of home refinance loans to low-income borrowers was

lower than the percent of low-income families in the AA. The bank's percent of home refinance loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA.

Non-MSA AAs

The distribution of home refinance loans by income level of the borrower in the Non-MSA AAs was adequate.

Based on the 2000 census data, the distribution of home refinance loans by income level of the borrower in the AA was adequate. The bank's percent of home refinance loans to low-income borrowers was significantly lower than the percent of low-income families in the AA. The bank's percent of home refinance loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers was significantly lower than their overall market share of loans. COB made no loans to low-income borrowers in the AA during 2011, the period to which comparisons were made. The bank's market share of loans to moderate-income borrowers exceeded their overall market share of loans.

Based on the 2010 census data, the distribution of home refinance loans by income level of the borrower in the AA was adequate. The bank's percent of home refinance loans to low-income borrowers was significantly lower than the percent of low-income families in the AA. The bank's percent of home refinance loans to moderate-income borrowers was somewhat lower than the percent of moderate-income families in the AA.

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.

Guildford-Randolph AA

The distribution of small loans to businesses in the AA was good.

Based on the 2011 Dunn & Bradstreet small business, the distribution of small business loans by businesses of different sizes was good. The bank's percentage of small loans to small businesses (businesses with annual revenues \$1 million or less) was near to the percentage of small businesses in the AA. The bank's market share of small loans to small businesses exceeded their overall market share of small loans to all businesses. An adequate percentage of the bank's small loans to businesses were for amounts less than \$100 thousand.

Based on the 2012 Dunn & Bradstreet small business data, the distribution of small business loans by businesses of different sizes is good. The bank's percentage of small loans to small businesses (businesses with annual revenues \$1 million or less) was near to the percentage of small businesses in the AA. An adequate percentage of the bank's small loans to businesses were for amounts less than \$100 thousand.

Non-MSA AAs

The distribution of small loans to businesses in the AA was good.

Based on the 2011 Dunn & Bradstreet small business data, the distribution of small business loans by businesses of different sizes was good. The bank's percentage of small loans to small businesses

(businesses with annual revenues \$1 million or less) was near to the percentage of small businesses in the AA. The bank's market share of small loans to small businesses exceeded their overall market share of small loans to all businesses. An adequate percentage of the bank's small loans to businesses were for amounts less than \$100 thousand.

Based on the 2012 Dunn & Bradstreet small business data, the distribution of small business loans by businesses of different sizes was good. The bank's percentage of small loans to small businesses (businesses with annual revenues \$1 million or less) was near to the percentage of small businesses in the AA. An adequate percentage of the bank's small loans to businesses were for amounts less than \$100 thousand.

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 community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

COB made no community development loans during the evaluation period. This had a neutral impact on the bank's overall lending test rating.

Product Innovation and Flexibility

The bank made no use of innovative or flexible lending practices during the evaluation period. This had a neutral impact on lending performance.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Alamance, Alexander-Catawba, Chatham-Orange, and Gaston-Mecklenburg AAs is not inconsistent with the bank's overall High Satisfactory performance under the lending test. Refer to Tables 1 through 11 in appendix C for the facts and data that support these conclusions. The bank's performance in the limited-scope areas had a neutral impact on the lending test conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated Low Satisfactory.

Based on full-scope reviews, the bank's performance is adequate considering COB's limited capacity to develop qualified investments due to its poor capital position and net income losses during much of the evaluation period. The bank's performance in the Guilford-Randolph AA was adequate. The bank's performance in the Non-MSA AAs was adequate. The bank's total qualified investment investments equaled to 16.4 % of Tier 1 capital. However, qualified investments were not responsive to community credit and community development needs. Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Guilford-Randolph AA

COB has adequate level qualified investments in the AA. Qualified investments exhibit adequate responsiveness to credit and community development needs in relation the bank's financial capacity. The bank made rare use of innovative or complex qualified investments.

The bank purchased targeted mortgage-backed securities in the amount of \$2.4 million representing 21 underlying mortgages to low- and moderate-income borrowers in the AA.

COB also made a \$500 contribution to the Christian United Outreach Center, a community development organization that provides direct support services and activities that impact low- and moderate-income individuals in the AA.

Non-MSA AAs

COB has adequate level of qualified investments in the AA in relationship to the bank's capacity to develop qualified investments. Qualified investments exhibit adequate responsiveness to credit and community development needs in relation the bank's financial capacity. The bank made rare use of innovative or complex qualified investments.

The bank purchased targeted mortgage-backed securities in the amount of \$3.2 million representing 25 underlying mortgages to low- and moderate-income borrowers in the AA.

Statewide

COB made a \$1,050 contribution to North Carolina Bankers Association's Camp Challenge, to provide scholarships for a summer camp experience for high-achieving, low-mod income students from across the state. In addition to traditional summer camp activities, *Camp Challenge* kids learn age-appropriate personal finance and development skills.

On December 18, 2012, COB finalized a commitment for a \$250,000 certificate of deposit with Self-Help Credit Union, a certified Community Development Financial Institution in North Carolina. This eligible investment will be considered during the next evaluation period.

Regional

There were three (3) qualified prior period investments in regional Small Business Investment Corporations (SBICs) totaling \$2.03 million. Although there was no direct impact to the AA during the evaluation period, this investment provides capital to eligible small businesses within a regional area that includes the bank's assessment area.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Alamance, Alexander-Catawba, Chatham-Orange, and Gaston-Mecklenburg AAs is not inconsistent with the bank's overall High Satisfactory performance under the lending test. Refer to Tables 1 through 13 in appendix C for the facts and data that support these conclusions. The bank's performance in the limited-scope areas had a neutral impact on the lending test conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the Guilford-Randolph AA is adequate. Based on a full-scope review, the bank's performance in the Non-MSA AA is adequate.

Retail Banking Services

Refer to Tables 15 and 16 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.

Guilford-Randolph AA

Service delivery systems are assessable in the AA, particularly to low- or moderate-income geographies or to low- or moderate-income individuals. The bank's operates 11 full service branch offices in the AA with non-deposit taking ATMs located at each branch office. In addition, the bank operates two free standing non-deposit taking ATMs, one of which is located in a moderate-income census tract. Although COB does not have any branches located in low-income geographies, the bank's distribution of branches in moderate-income census tracts exceeded the percentage of the population living within moderate-income census tracts. The bank's services do not vary in way that inconveniences the AA, particularly low- and moderate-income geographies and low- and moderate-income individuals.

Banking hours and services provided Monday through Friday are supplemented through extended hours on Friday at all banking facilities. COB offers a wide range of traditional deposit and banking products. In addition, low cost personal and business checking accounts are available. Further, COB offers telephone banking, online banking with bill pay, and mobile banking. Since COB could not provide specific information on how low- and moderate-income individuals have benefited from these alternative delivery services, no weight was placed on these alternative delivery systems.

To the extent changes have been made, COB's opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. COB opened no new branches and consolidated one branch office in a middle-income census into another branch office also located in a middle-income tract.

Non-MSA AAs

Service delivery systems are assessable to the AA, particularly to low- or moderate-income geographies and to low- or moderate-income individuals. COB operates 18 full service branch offices in the AA with non-deposit taking ATMs located at each branch office. In January 2013, all the bank's ATMs will be converted to accept deposits. The bank's distribution of branch offices in low-income and moderate-income census tracts exceeded the percentage of population living in low-income and moderate-income census tracts. The bank's services do not vary in way that inconveniences low- and moderate-income area or LMI individuals.

Banking hours and services provided Monday through Friday are supplemented through extended hours on Friday at all banking facilities. COB offers a wide range of traditional deposit and banking products. In addition, low cost personal and business checking accounts are available. Further, COB offers telephone banking, online banking with bill pay, and mobile banking. Since COB could not provide

specific information on how low- and moderate-income individuals have benefited from these alternative delivery services, no weight was placed on these alternative delivery systems.

To the extent changes have been made, COB's opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. COB opened no new branches and closed one branch office that was located in an upper-income census tract.

Community Development Services

Guilford-Randolph AA

The bank provided an adequate level development services in the AA. Officers and staff provided services to 10 community development organizations in the AA during the evaluation period. A significant portion of the bank's community development services were devoted to financial educational activities for children, in partnership with several schools in the AA. Two notable activities were "Teach Children to Save" and "Communities in School." "Teach Children to Save" is a national campaign that raises awareness about the important role that banks and bankers play in helping young people develop lifelong savings habits. "Communities in Schools" is a school dropout prevention program for at risk low- to moderate-income students. Students participate in a real life simulated activity, in which they are assigned jobs and have to learn how to manage budgets. Several officers and staff participated in these initiatives in several elementary and high schools in the AA.

Employees or directors participated in the following as well:

- A banker serves as a Board Chair of Randolph County's lead organization that plans, identifies and funds programs and services for young LMI children and their families. The vision is that all children in Randolph County enter school healthy and ready to succeed.
- A banker serves as a board member and financial adviser to an organization that provide services and programs which will enable individuals, with an emphasis on those over age 60, to live their lives with independence and dignity.
- Three officers are involved in an organization that provides short term help to LMI individuals and families facing emergencies such as car repairs, rent, food, utilities, and clothes. The officers provide financial counseling to the LMI individuals.
- An officer participated in a boot camp for entrepreneurs in partnership with a community college, teaching a class on financial feasibility for starting a new business.

COB officers also serve on statewide organizations that impact their AAs. They are as follows:

- A bank officer serves as a Board member of North Carolina Housing Coalition whose mission is to lead a campaign for housing that ensures working families, people in crisis, seniors and persons with disabilities may live with dignity and opportunity. In addition, this bank officer serves on the development committee and provides input on fundraising, budget and organizations community engagement activity.
- Another officer serves as a Board member of North Carolina Interest on Lawyers Trust Account program. This program funds the provision of civil legal services for low- to moderate-income citizens of the state. The bank's officer serves on the board and provides oversight and input on the budget and financial well being of the organization by using his banking experience.

Non-MSA AAs

The bank provided an adequate level of level of community development services. Officers and staff contributed services to 13 community development organizations in the AA during the evaluation period. As in the Guilford-Randolph AA, several of COB's employees participated in the "Teach Children to Save" initiative.

Employees or directors participated in the following as well:

- An officer serves as a board member and president of a local community development corporation, that provides decent, affordable housing for low- and moderate-income families through collaborative and innovative programs, financing, and human development.
- An officer serves as a board member and vice president of a nonprofit that provides a rehabilitative transitional housing program for the homeless in Scotland County who do not qualify for State or Federal Aid and to act as a referral service for those who do.
- Another officer serves on the board of a non-profit that provides food and pharmacy assistance to low-income families and senior citizens in the area.
- Four officers participate in the Family Self Sufficiency (FSS) Program for three local housing authorities. The programs promote resident self sufficiency by providing training, education and monetary assistance to families aspiring to be self sufficient.
- A banker participated in a teen entrepreneur program and spoke with the children about the importance of maintaining good credit and how that pertained to loans as well as checking accounts.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Alamance, Alexander-Catawba, Chatham-Orange, and Gaston-Mecklenburg AAs was not consistent with bank's overall Low Satisfactory performance under the service test in the full-scope AAs. The bank's performance in the limited-scope areas had a neutral impact on the service test conclusions.

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 nonmetropolitan areas 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 (excluding CD loans): 10/1/2007 to 9/30/2012 Investment and Service Tests and CD Loans: 1/8/08 to 12/10/12	
Financial Institution	Products Reviewed	
CommunityOne Bank, N.A., Asheboro, NC	Home Mortgage, Small Loans to Businesses and CD loans.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Guilford-Randolph	Full-scope	Guilford and Randolph Counties, NC (Portion of the Greensboro-High Point NC MSA 24660)
Non-MSA AAs	Full-scope	Ashe, Iredell, Montgomery, Moore, Richmond, Rowan, Scotland, Watauga, and Wilkes Counties
Alamance	Limited-scope	Alamance County (Burlington NC MSA 15500)
Alexander-Catawba	Limited-scope	Alexander and Catawba Counties (Portion of the Hickory-Lenoir-Morganton NC MSA 25860)
Chatham-Orange	Limited-scope	Chatham and Orange Counties (Portion of the Durham-Chapel Hill NC MSA 20500)
Gaston-Mecklenburg	Limited-scope	NC Counties of Gastonia and Mecklenburg (Portion of the Charlotte-Gastonia-Rock Hill NC-SC MSA 16740)

Appendix B: Market Profiles for Full-Scope Areas

Guilford-Randolph AA

Demographic Information for Full Scope Area: Guilford and Randolph Counties, NC						
		Low	Moderate	Middle	Upper	NA*
Demographic Characteristics	#	% of #	% of #	% of #	% of #	% of #
Geographies (Census Tracts/BNAs)	147	8.84	23.13	35.37	31.97	0.68
Population by Geography	630,158	7.07	22.69	38.82	31.42	0.00
Owner-Occupied Housing by Geography	159,553	2.82	18.03	41.97	37.18	0.00
Business by Geography	64,494	7.54	19.60	39.25	33.41	0.19
Farms by Geography	1,707	2.40	15.58	47.69	34.27	0.06
Family Distribution by Income Level	158,271	18.41	18.50	23.94	39.14	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	58,433	5.47	21.77	39.96	32.81	0.00
Median Family Income		55,362	Median Housing Value			148,559
HUD Adjusted Median Family Income for 2011		55,300				
Households Below Poverty Level		15%	Unemployment Rate			9.3%

(*) The NA category consists of geographies that have not been assigned an income classification.

2012 HUD updated MFI; 2010 Census Data; Bureau of Labor Statistics Sept. 2012 estimate

COB is headquartered in Asheboro, NC which is located in Randolph County, a part of the Greensboro-Highpoint, North Carolina MSA. The AA includes 147 census tracts. In Guilford and Randolph Counties, COB is ranked 7th out of 24 financial institutions for its market share of deposits and has 5.38% of the deposits based on the June 30, 2012, FDIC Summary of Deposits Market Share Report. COB operates 11 full service branches in this assessment area.

COB's business strategy involves offering a wide range of credit and deposit products and services for consumers and businesses, as well as wealth management and investor services through their subsidiary, FNIS. Deposit services include a variety of consumer and commercial checking and savings accounts, wire services, and various methods to access accounts and services electronically. Consumer credit services include a variety of residential mortgage and home equity products, credit cards, auto loans, and other closed-end loans for personal, household or family purposes. Commercial credit services include agricultural loans, real estate and construction loans, and loans to purchase equipment or for short-term working capital needs. Alternative delivery systems include online banking with bill-pay, 24-hour telephone banking, and mobile banking which provides real-time access to accounts using a cell phone, PDA or other mobile device.

Banking competition is very strong for both loans and deposits in the MSA. Competition exists in the form of large regional institutions, community banks and credit unions. Major banking competitors in the AA include:

- Wells Fargo Bank ranked 1st in deposit share (19.33%) with 29 offices.
- BB&T ranked 2nd in market share of deposits (18.24%) with 20 offices.
- SunTrust Bank, N.A., ranked 3rd in deposit share (8.6%) with 19 offices.

During our examination, we contacted a community non-profit housing organization serving Randolph County. This community contact indicated that unemployment rates were high in Randolph County and that additional affordable housing for LMI individuals is needed.

According to information from the US Bureau of Labor Statistics as of September, the unemployment rate in Guilford and Randolph Counties was 9.3%.

Major employers in Guilford County include Cone Health Care, US Postal Service, Bank of America, Highpoint Regional Health System, Lorillard Inc, Proctor and Gamble, and The Volvo Group. Major employers in Randolph County are Randolph County Schools, Randolph County Hospital, Klaussner Home Furniture, Teleflex Medical, and Randolph County Government.

Non-MSA AAs

Demographic Information for Full Scope Area: CommunityOne Non-MSAs						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	149	2.01	14.09	48.32	35.57	0.00
Population by Geography	644,406	1.61	12.69	50.75	34.94	0.00
Owner-Occupied Housing by Geography	176,639	0.98	11.72	51.03	36.28	0.00
Business by Geography	59,323	1.59	10.60	47.77	40.04	0.00
Farms by Geography	2,308	0.48	9.49	56.20	33.84	0.00
Family Distribution by Income Level	167,385	20.80	17.82	21.81	39.57	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	64,639	1.71	12.36	51.19	34.74	0.00
Median Family Income	48,939	Median Housing Value		154,237		
HUD Adjusted Median Family Income for 2011	50,200					
Households Below Poverty Level	17%	Unemployment Rate		9.6%		

(*) The NA category consists of geographies that have not been assigned an income classification.

2012 HUD updated MFI; 2010 Census Data; Bureau of Labor Statistics Sept. 2012 estimate

COB operates 18 full service branches in the non-MSAs Counties of Ashe, Wilkes, Watauga, Iredell, Montgomery, Rowan, Moore, Moore, and Scotland. Within the Non-MSA, COB is ranked 7th out of 36 for its market share of deposits and has 5.4% of the deposits based on the June 30, 2012, FDIC Summary of Deposits Market Share Report.

COB’s business strategy involves offering a wide range of credit and deposit products and services for consumers and businesses, as well as wealth management and investor services through their subsidiary, FNIS. Deposit services include a variety of consumer and commercial checking and savings accounts, wire services, and various methods to access accounts and services electronically. Consumer credit services include a variety of residential mortgage and home equity products, credit cards, auto loans, and other closed-end loans for personal, household or family purposes. Commercial credit services include agricultural loans, real estate and construction loans, and loans to purchase equipment or for short-term working capital needs. Alternative delivery systems include online banking with bill-pay, 24-hour telephone banking, and mobile banking which provides real-time access to accounts using a cell phone, PDA or other mobile device.

Banking competition is very strong for both loans and deposits in AA. Competition exists from national institutions, large regional institutions, community banks and credit unions. Major banking competitors in the AA include:

- BB&T, ranked 1st in deposit share (18.72%) with 26 offices.
- Wells Fargo Bank, ranked 2nd in market share of deposits (16.02%) with 21 offices.
- First Bank, ranked 3rd in deposit share (10.00%) with 23 offices.

During the examination, we discussed economic development needs within Rowan County with a community contact. According to this representative, Rowan County lost between 7,000 to 8,000 jobs during the economic downturn. In addition, the community contact stated that are credit needs for start-up entrepreneurs, micro enterprise businesses, and small businesses.

According to information from the US Bureau of Labor Statistics the September 2012 unemployment rates within the individual counties in the Non-MSA AAs were as follows: 10.2% in Ashe County, 9.2% in Iredell County, 10.2% in Montgomery County, 8.4% in Moore County, 12.3% in Richmond County, 9.2% in Rowan County, 16.1% in Scotland County, 7.3% in Watauga County, and 10.2% in Wilkes County.

In Ashe County, the major employers include the Ashe County Board of Education, the Gates Rubber Company, the Ashe Memorial Hospital, and American Emergency Vehicles. In Watauga County, the largest employers are Appalachian State University, Appalachian Regional Health Care, and the Watauga County Board of Education. In Wilkes County, the top employers are Tyson Foods, Lowes, Wilkes County School System, and Wilkes Regional Medical Center.

In Richmond County, the major employers are the Richmond County School system, Perdue Manufacturing, and health services. Within Scotland County, the Scotland County Schools, Scotland Memorial Hospital, the North Carolina Department of Corrections, and Scotland County Government are among the top employers. In Moore County, health services, the Moore County School System, and the Pinehurst Hotel and Resort are the major employers. Within Montgomery County the major employers are the Montgomery Board of Education, Grede LLC, the North Carolina Department of Corrections, and the Klaussner Furniture Industries.

In Rowan County there is a more diverse economy as the county benefits from its close proximity to the Charlotte-Mecklenburg NC, MSA. Major employers in Rowan County include Freightliner Corporation, Rowan-Salisbury School System, Food Lion, the Veterans Administration, and Rowan Regional Medical Center.

Major employers in Iredell County include, Lowes, Iredell-Statesville Schools, Iredell Memorial Hospital and Iredell County Government.

Appendix C: Tables of Performance Data

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: (1) 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/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

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/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- 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/assessment area. 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** – This Table is not applicable.
- 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 assessment area.

- Table 7. Geographic Distribution of Small Loans to Farms** - This Table is not applicable.
- 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/assessment area. 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** - This Table is not applicable.
- 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/assessment area.
- 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 assessment area. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such

investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

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.

Table 1. Lending Volume

LENDING VOLUME												
Geography: NORTH CAROLINA												
Evaluation Period: OCTOBER 1, 2007 to SEPTEMBER 30, 2012												
MA/Assessment Area:	% 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:												
CommunityOne Non-MSAs	32.04	1,374	213,761	705	126,485	50	7,194	0	0	2,129	347,440	31.63
Guilford-Randolph	39.47	1,310	175,493	1,230	197,430	83	8,795	0	0	2,623	381,718	36.93
Limited Review:												
Alamance	4.73	180	27,528	128	13,671	6	879	0	0	314	42,078	4.63
Alexander-Catawba	10.61	294	51,716	410	57,201	1	52	0	0	705	108,969	10.87
Chatham-Orange	5.66	193	29,950	175	17,895	8	570	0	0	376	48,415	4.03
Gaston-Mecklenburg	7.49	219	69,509	279	56,007	0	0	0	0	498	125,516	11.91

* Loan Data as of September 30, 2012. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 08, 2008 to December 10, 2012.

*** Deposit Data as of June 30, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: North Carolina				Evaluation Period: OCTOBER 1, 2007 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
Full Review:															
CommunityOne Non-MSAs	256	34.45	0.00	0.00	6.53	9.77	70.80	73.83	22.67	16.41	0.24	0.00	0.59	0.29	0.15
Guilford-Randolph	281	37.82	1.88	0.36	10.36	16.01	54.07	65.84	33.69	17.79	0.23	0.00	0.00	0.38	0.10
Limited Review:															
Alamance	61	8.21	0.00	0.00	12.07	8.20	76.04	81.97	11.89	9.84	0.13	0.00	0.00	0.17	0.00
Alexander-Catawba	47	6.33	0.00	0.00	4.84	8.51	85.04	63.83	10.12	27.66	0.06	0.00	0.00	0.00	0.47
Chatham-Orange	40	5.38	0.70	0.00	8.97	7.50	57.42	85.00	32.91	7.50	0.04	0.00	0.00	0.00	0.10
Gaston-Mecklenburg	58	7.81	4.12	0.00	27.77	41.38	25.28	24.14	42.83	34.48	0.09	0.00	0.00	0.07	0.15

* Based on 2011 Peer Mortgage Data.

** 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 2000 Census information.

Geographic Distribution: HOME PURCHASE		Geography: North Carolina				Evaluation Period: JANUARY 1, 2012 TO SEPTEMBER 30, 2012					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
Full Review:															
CommunityOne Non-MSAs	34	41.98	0.98	0.00	11.72	14.71	51.03	58.82	36.28	26.47	NA	NA	NA	NA	A
Guilford-Randolph	20	24.69	2.82	0.00	18.03	40.00	41.97	40.00	37.18	20.00	NA	NA	NA	NA	A
Limited Review:															
Alamance	7	8.64	0.00	0.00	17.12	14.29	48.25	28.57	34.63	57.14	NA	NA	NA	NA	A
Alexander-Catawba	9	11.11	0.00	0.00	4.43	0.00	67.04	44.44	28.54	55.56	NA	NA	NA	NA	A
Chatham-Orange	1	1.23	1.99	0.00	11.88	0.00	42.66	100.0	43.48	0.00	NA	NA	NA	NA	A
Gaston-Mecklenburg	10	12.35	5.51	0.00	21.61	40.00	28.68	10.00	44.21	50.00	NA	NA	NA	NA	A

* No Peer Mortgage Data available.

** 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 2010 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: NORTH CAROLINA				Evaluation Period: OCTOBER 1, 2007 TO DECEMBER 31, 2011									
MA/Assessment Area:	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:															
CommunityOne Non-MSAs	126	40.78	0.00	0.00	6.53	4.76	70.80	90.48	22.67	4.76	3.29	0.00	0.00	4.44	0.74
Guilford-Randolph	128	41.42	1.88	0.00	10.36	17.97	54.07	78.13	33.69	3.91	3.35	0.00	8.33	4.57	0.00
Limited Review:															
Alamance	14	4.53	0.00	0.00	12.07	7.14	76.04	85.71	11.89	7.14	1.11	0.00	0.00	1.37	0.00
Alexander-Catawba	16	5.18	0.00	0.00	4.84	6.25	85.04	81.25	10.12	12.50	0.65	0.00	25.00	0.00	0.00
Chatham-Orange	17	5.50	0.70	0.00	8.97	5.88	57.42	82.35	32.91	11.76	0.00	0.00	0.00	0.00	0.00
Gaston-Mecklenburg	8	2.59	4.12	0.00	27.77	50.00	25.28	50.00	42.83	0.00	0.41	0.00	0.00	1.82	0.00

* Based on 2011 Peer Mortgage Data.

** 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 2000 Census information.

Geographic Distribution: HOME IMPROVEMENT		Geography: NORTH CAROLINA				Evaluation Period: JANUARY 1, 2012 TO SEPTEMBER 30, 2012									
MA/Assessment Area:	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:															
CommunityOne Non-MSAs	24	48.00	0.98	0.00	11.72	16.67	51.03	66.67	36.28	16.67	NA	NA	NA	NA	NA
Guilford-Randolph	17	34.00	2.82	0.00	18.03	35.29	41.97	52.94	37.18	11.76	NA	NA	NA	NA	NA
Limited Review:															
Alamance	1	2.00	0.00	0.00	17.12	0.00	48.25	100.0	34.63	0.00	NA	NA	NA	NA	NA
Alexander-Catawba	4	8.00	0.00	0.00	4.43	0.00	67.04	50.00	28.54	50.00	NA	NA	NA	NA	NA
Chatham-Orange	0	0.00	1.99	0.00	11.88	0.00	42.66	0.00	43.48	0.00	NA	NA	NA	NA	NA
Gaston-Mecklenburg	4	8.00	5.51	0.00	21.61	0.00	28.68	100.0	44.21	0.00	NA	NA	NA	NA	NA

* No Peer Mortgage Data available.

** 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 2010 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: NORTH CAROLINA Evaluation Period: OCTOBER 1, 2007 TO DECEMBER 31, 2011												
MA/Assessment Area:	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:															
CommunityOne Non-MSAs	742	39.01	0.00	0.00	6.53	5.26	70.80	76.95	22.67	17.79	0.60	0.00	0.39	0.93	0.17
Guilford-Randolph	702	36.91	1.88	0.43	10.36	10.54	54.07	77.49	33.69	11.54	0.34	0.00	0.73	0.66	0.05
Limited Review:															
Alamance	82	4.31	0.00	0.00	12.07	13.41	76.04	74.39	11.89	12.20	0.12	0.00	0.00	0.10	0.20
Alexander-Catawba	180	9.46	0.00	0.00	4.84	6.67	85.04	72.78	10.12	20.56	0.37	0.00	0.00	0.34	0.57
Chatham-Orange	114	5.99	0.70	0.88	8.97	5.26	57.42	87.72	32.91	6.14	0.07	0.00	0.54	0.11	0.00
Gaston-Mecklenburg	82	4.31	4.12	2.44	27.77	23.17	25.28	45.12	42.83	29.27	0.10	0.00	0.17	0.23	0.05

* Based on 2011 Peer Mortgage Data.

** 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 2000 Census information.

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: NORTH CAROLINA Evaluation Period: JANUARY 1, 2012 TO SEPTEMBER 30, 2012												
MA/Assessment Area:	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:															
CommunityOne Non-MSAs	190	40.25	0.98	0.00	11.72	8.95	51.03	51.05	36.28	40.00	NA	NA	NA	NA	NA
Guilford-Randolph	160	33.90	2.82	0.00	18.03	30.00	41.97	47.50	37.18	22.50	NA	NA	NA	NA	NA
Limited Review:															
Alamance	15	3.18	0.00	0.00	17.12	0.00	48.25	66.67	34.63	33.33	NA	NA	NA	NA	NA
Alexander-Catawba	34	7.20	0.00	0.00	4.43	0.00	67.04	58.82	28.54	41.18	NA	NA	NA	NA	NA
Chatham-Orange	21	4.45	1.99	0.00	11.88	9.52	42.66	61.90	43.48	28.57	NA	NA	NA	NA	NA
Gaston-Mecklenburg	52	11.02	5.51	0.00	21.61	17.31	28.68	34.62	44.21	48.08	NA	NA	NA	NA	NA

* No Peer Mortgage Data available.

** 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 2010 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: NORTH CAROLINA				Evaluation Period: OCTOBER 1, 2007 TO DECEMBER 31, 2011				
MA/Assessment Area:	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:																				
CommunityOne Non-MSAs	652	24.23	0.00	0.00	6.79	10.28	61.11	62.12	32.09	27.61	0.83	0.00	1.34	0.84	0.83					
Guilford-Randolph	1142	42.44	2.91	1.05	13.84	22.07	47.28	62.87	35.97	14.01	1.44	0.00	1.93	2.01	0.78					
Limited Review:																				
Alamance	116	4.31	0.00	0.00	12.45	20.69	71.68	66.38	15.87	12.93	1.11	0.00	3.27	1.09	0.00					
Alexander-Catawba	389	14.46	0.00	0.00	11.28	21.59	73.96	46.79	14.76	31.62	1.41	0.00	2.53	1.20	1.75					
Chatham-Orange	156	5.80	1.47	0.00	7.62	23.08	54.33	71.79	36.58	5.13	0.30	0.00	1.01	0.38	0.09					
Gaston-Mecklenburg	236	8.77	7.60	2.54	22.90	54.24	22.01	34.75	47.49	8.47	0.37	0.00	0.79	0.68	0.07					

* Based on 2011 Peer Small Business Data: US.

** 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 2011

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: NORTH CAROLINA				Evaluation Period: JANUARY 1, 2012 TO SEPTEMBER 30, 2012				
MA/Assessment Area:	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:																				
CommunityOne Non-MSAs	53	22.46	1.59	3.77	10.60	16.98	47.77	37.74	40.04	41.51	NA	NA	NA	NA	NA					
Guilford-Randolph	88	37.29	7.54	2.27	19.60	31.82	39.25	46.59	33.41	19.32	NA	NA	NA	NA	NA					
Limited Review:																				
Alamance	12	5.08	0.00	0.00	18.16	41.67	51.52	25.00	30.32	33.33	NA	NA	NA	NA	NA					
Alexander-Catawba	21	8.90	0.00	0.00	11.59	28.57	57.72	52.38	30.69	19.05	NA	NA	NA	NA	NA					
Chatham-Orange	19	8.05	3.31	0.00	11.03	10.53	38.90	68.42	46.43	21.05	NA	NA	NA	NA	NA					
Gaston-Mecklenburg	43	18.22	9.89	13.95	19.21	32.56	24.25	23.26	45.23	30.23	NA	NA	NA	NA	NA					

* No Peer Small Business Data available.

** 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 2012.

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: NORTH CAROLINA										Evaluation Period: OCTOBER 1, 2007 TO DECEMBER 31, 2011				
MA/Assessment Area:	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:																
CommunityOne Non-MSAs	256	34.45	17.51	9.16	16.82	17.53	22.34	17.53	43.33	55.78	0.27	0.00	0.32	0.30	0.26	
Guilford-Randolph	281	37.82	18.30	10.51	17.71	26.85	23.09	24.12	40.90	38.52	0.27	0.21	0.21	0.31	0.30	
Limited Review:																
Alamance	61	8.21	18.81	2.17	18.16	15.22	23.65	28.26	39.38	54.35	0.16	0.00	0.00	0.64	0.00	
Alexander-Catawba	47	6.33	15.26	5.26	18.06	23.68	24.58	21.05	42.09	50.00	0.07	0.00	0.00	0.28	0.00	
Chatham-Orange	40	5.38	18.86	2.78	17.49	30.56	20.52	5.56	43.13	61.11	0.05	0.00	0.00	0.00	0.09	
Gaston-Mecklenburg	58	7.81	23.64	12.73	17.59	16.36	19.28	12.73	39.49	58.18	0.11	0.23	0.00	0.00	0.19	

* Based on 2011 Peer Mortgage Data.

** 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 Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 7.6% of loans originated and purchased by Bank.

Borrower Distribution: HOME PURCHASE		Geography: NORTH CAROLINA										Evaluation Period: JANUARY 1, 2012 TO SEPTEMBER 30, 2012				
MA/Assessment Area:	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:																
CommunityOne Non-MSAs	34	41.98	20.80	5.88	17.82	20.59	21.81	11.76	39.57	61.76	NA	NA	NA	NA	NA	
Guilford-Randolph	20	24.69	18.41	15.79	18.50	15.79	23.94	21.05	39.14	47.37	NA	NA	NA	NA	NA	
Limited Review:																
Alamance	7	8.64	20.80	0.00	17.39	14.29	22.79	57.14	39.01	28.57	NA	NA	NA	NA	NA	
Alexander-Catawba	9	11.11	18.68	11.11	18.80	22.22	24.04	0.00	38.48	66.67	NA	NA	NA	NA	NA	
Chatham-Orange	1	1.23	21.43	0.00	16.50	0.00	21.93	100.0	40.13	0.00	NA	NA	NA	NA	NA	
Gaston-Mecklenburg	10	12.35	17.86	10.00	18.26	30.00	25.21	30.00	38.66	30.00	NA	NA	NA	NA	NA	

* Based on 2012 Peer Mortgage Data.

** 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 Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 1.3% of loans originated and purchased by Bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: NORTH CAROLINA					Evaluation Period: OCTOBER 1, 2007 TO DECEMBER 31, 2011					Market Share*				
MA/Assessment Area:	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:																
CommunityOne Non-MSAs	126	40.78	17.51	28.80	16.82	16.00	22.34	20.80	43.33	34.40	3.42	8.00	3.00	4.12	2.40	
Guilford-Randolph	128	41.42	18.30	36.07	17.71	28.69	23.09	17.21	40.90	18.03	3.07	6.56	4.71	1.52	1.37	
Limited Review:																
Alamance	14	4.53	18.81	8.33	18.16	50.00	23.65	16.67	39.38	25.00	1.18	0.00	3.70	0.00	0.00	
Alexander-Catawba	16	5.18	15.26	25.00	18.06	25.00	24.58	6.25	42.09	43.75	0.68	9.09	0.00	0.00	0.00	
Chatham-Orange	17	5.50	18.86	0.00	17.49	12.50	20.52	43.75	43.13	43.75	0.00	0.00	0.00	0.00	0.00	
Gaston-Mecklenburg	8	2.59	23.64	25.00	17.59	50.00	19.28	0.00	39.49	25.00	0.45	0.00	2.00	0.00	0.00	

* Based on 2011 Peer Mortgage Data.

** 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 Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 3.0% of loans originated and purchased by Bank.

Borrower Distribution: HOME IMPROVEMENT		Geography: NORTH CAROLINA					Evaluation Period: JANUARY 1, 2012 TO SEPTEMBER 30, 2012					Market Share*				
MA/Assessment Area:	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:																
CommunityOne Non-MSAs	24	48.00	20.80	8.33	17.82	16.67	21.81	8.33	39.57	66.67	NA	NA	NA	NA	NA	
Guilford-Randolph	17	34.00	18.41	11.76	18.50	0.00	23.94	35.29	39.14	52.94	NA	NA	NA	NA	NA	
Limited Review:																
Alamance	1	2.00	20.80	0.00	17.39	0.00	22.79	0.00	39.01	100.0	NA	NA	NA	NA	NA	
Alexander-Catawba	4	8.00	18.68	25.00	18.80	25.00	24.04	0.00	38.48	50.00	NA	NA	NA	NA	NA	
Chatham-Orange	0	0.00	21.43	0.00	16.50	0.00	21.93	0.00	40.13	0.00	NA	NA	NA	NA	NA	
Gaston-Mecklenburg	4	8.00	17.86	25.00	18.26	0.00	25.21	50.00	38.66	25.00	NA	NA	NA	NA	NA	

* Based on 2012 Peer Mortgage Data.

** 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 Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by Bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: NORTH CAROLINA					Evaluation Period: OCTOBER 1, 2007 TO DECEMBER 31, 2011					Market Share*				
MA/Assessment Area:	Total Home Mortgage Refinance 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:																
CommunityOne Non-MSAs	742	39.01	17.51	5.90	16.82	16.99	22.34	20.08	43.33	57.02	0.72	0.00	1.49	0.94	0.54	
Guilford-Randolph	702	36.91	18.30	10.79	17.71	20.49	23.09	22.96	40.90	45.76	0.31	0.47	0.66	0.35	0.21	
Limited Review:																
Alamance	82	4.31	18.81	2.63	18.16	11.84	23.65	30.26	39.38	55.26	0.15	0.00	0.00	0.20	0.19	
Alexander-Catawba	180	9.46	15.26	7.60	18.06	17.54	24.58	17.54	42.09	57.31	0.44	0.00	0.00	0.31	0.67	
Chatham-Orange	114	5.99	18.86	5.71	17.49	24.76	20.52	26.67	43.13	42.86	0.09	0.64	0.00	0.12	0.07	
Gaston-Mecklenburg	82	4.31	23.64	12.33	17.59	15.07	19.28	15.07	39.49	57.53	0.12	0.27	0.13	0.08	0.11	

* Based on 2011 Peer Mortgage Data.

** 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 Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 6.0% of loans originated and purchased by Bank.

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: NORTH CAROLINA					Evaluation Period: JANUARY 1, 2012 TO SEPTEMBER 30, 2012					Market Share*				
MA/Assessment Area:	Total Home Mortgage Refinance 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:																
CommunityOne Non-MSAs	190	40.25	20.80	4.84	17.82	13.44	21.81	18.28	39.57	63.44	NA	NA	NA	NA	NA	
Guilford-Randolph	160	33.90	18.41	8.00	18.50	21.33	23.94	20.67	39.14	50.00	NA	NA	NA	NA	NA	
Limited Review:																
Alamance	15	3.18	20.80	0.00	17.39	13.33	22.79	40.00	39.01	46.67	NA	NA	NA	NA	NA	
Alexander-Catawba	34	7.20	18.68	0.00	18.80	23.33	24.04	16.67	38.48	60.00	NA	NA	NA	NA	NA	
Chatham-Orange	21	4.45	21.43	0.00	16.50	20.00	21.93	30.00	40.13	50.00	NA	NA	NA	NA	NA	
Gaston-Mecklenburg	52	11.02	17.86	16.33	18.26	22.45	25.21	20.41	38.66	40.82	NA	NA	NA	NA	NA	

* Based on 2012 Peer Mortgage Data.

** 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 Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 4.4% of loans originated and purchased by Bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: NORTH CAROLINA		Evaluation Period: OCTOBER 1, 2007 TO DECEMBER 31, 2011					
MA/Assessment Area:	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:									
CommunityOne Non-MSAs	652	24.23	67.80	56.90	53.68	26.07	20.25	0.83	1.12
Guilford-Randolph	1,142	42.44	66.19	57.27	59.81	21.80	18.39	1.44	1.71
Limited Review:									
Alamance	116	4.31	65.99	50.00	63.79	29.31	6.90	1.11	0.79
Alexander-Catawba	389	14.46	66.46	51.41	59.13	29.56	11.31	1.41	1.82
Chatham-Orange	156	5.80	69.11	76.92	76.92	16.67	6.41	0.30	0.42
Gaston-Mecklenburg	236	8.77	64.98	50.42	48.73	27.54	23.73	0.37	0.52

* Based on 2011 Peer Small Business Data: US.

** 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 - 2011).

**** 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 9.68% of small loans to businesses originated and purchased by the Bank.

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: NORTH CAROLINA		Evaluation Period: JANUARY 1, 2012 TO SEPTEMBER 30, 2012					
MA/Assessment Area:	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 \$500,000	All	Rev \$1 Million or Less
Full Review:									
CommunityOne Non-MSAs	53	22.46	72.54	71.70	47.17	28.30	24.53	NA	NA
Guilford-Randolph	88	37.29	71.30	65.91	55.68	22.73	21.59	NA	NA
Limited Review:									
Alamance	12	5.08	70.97	66.67	75.00	25.00	0.00	NA	NA
Alexander-Catawba	21	8.90	70.41	47.62	38.10	52.38	9.52	NA	NA
Chatham-Orange	19	8.05	73.85	52.63	78.95	10.53	10.53	NA	NA
Gaston-Mecklenburg	43	18.22	71.07	60.47	48.84	20.93	30.23	NA	NA

* No Peer Small Business Data available.

** 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 - 2012).

**** 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 0.9% of small loans to businesses originated and purchased by the Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: NORTH CAROLINA									
Evaluation Period: JANUARY 8, 2008 TO DECEMBER 10, 2012									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total \$	#	\$(000's)
Full Review:									
CommunityOne Non-MSAs	0	0	25	3209	25	3209	20.12	0	0
Guilford-Randolph	0	0	22	2407	22	2407	15.09	0	0
Limited Review:									
Alamance	0	0	13	1562	13	1562	9.79	0	0
Alexander-Catawba	0	0	16	1665	16	1665	10.44	0	0
Chatham-Orange	0	0	13	1787	13	1787	11.20	0	0
Gaston-Mecklenburg	0	0	23	3285	23	3285	20.60	0	0
Statewide			1	1	1	1	0.01		
Regional Area	3	2034			3	2034	12.75	2	450

* '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 8, 2008 TO DECEMBER 10, 2012																		
MA/Assessment Area:	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:																		
CommunityOne Non-MSAs	31.63	18	40.91	5.55	27.78	55.56	11.11	0	1					-1	1.61	12.69	50.75	34.94
Guilford-Randolph	36.93	11	25.00	0.00	27.27	45.46	27.27	0	1					-1	7.07	22.69	38.82	31.42
Limited Review:																		
Alamance	4.63	2	4.55	0.00	0.00	0.00	100.00	0	0						0.00	21.89	47.90	30.21
Alexander-Catawba	10.87	5	11.35	0.00	0.00	80.00	20.00	0	0						0.00	7.19	67.57	25.23
Chatham-Orange	4.03	2	4.55	50.00	0.00	50.00	0.00	0	0						6.79	13.87	35.95	42.20
Gaston-Mecklenburg	11.91	6	13.64	0.00	33.33	50.00	16.67	0	0						10.69	25.74	26.60	36.94

* Based on 2010 U.S. Census

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