



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**PUBLIC DISCLOSURE**

January 07, 2013

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

HomeTrust Bank  
Charter Number 713558

10 Woodfin Street  
Asheville, NC 28801-3022

Office of the Comptroller of the Currency

212 South Tryon Street, Suite 700  
Charlotte, NC 28281

**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 **Outstanding**.

The following table indicates the performance level of **HomeTrust Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		X	X
High Satisfactory	X		
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

### Lending Test

- Lending levels reflect excellent responsiveness to AA credit needs, taking into account the number and amount of home mortgage and small business loans in the AA(s).
- A substantial majority of the bank's loans are made in the bank's AAs.
- The geographic distribution reflects good penetration throughout the AA.
- The distribution of loans among individuals of different income levels and businesses of different sizes reflects good penetration, given the product lines offered by the bank.
- The bank exhibits a good record of serving the credit needs of low-and moderate-income individuals.
- The bank made a relatively high level of community development loans.
- The bank offers flexible lending products to address the credit needs of low- and moderate-income individual.

### Investment Test

- The bank’s level of qualified investments is excellent.
- The bank exhibits excellent responsiveness to credit and community development needs.
- The bank makes significant use complex qualified investments.

### Service Test

- Service delivery systems are readily assessable to the bank’s AA, particularly to low- or moderate-income geographies or to low- or moderate-income individuals.
- To the extent changes have been made, the bank’s opening and closing of branches has no adverse impact on the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals.
- Bank services and business hours are tailored to the convenience of its AA, particularly low- and moderate-income geographies and low- and moderate-income individuals.
- The bank is a leader in providing 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

HomeTrust Bank (HomeTrust) is an intrastate financial institution established in 1926 and headquartered in Asheville, North Carolina. HomeTrust is a wholly owned subsidiary of HomeTrust Bancshares, also located in Asheville, North Carolina. The bank conducts business through five operating divisions: HomeTrust Bank, Tryon Federal Bank, Shelby Savings Bank, Home Savings Bank, Industrial Federal Bank, Cherryville Federal Bank, and Rutherford County Bank. During the evaluation period, the bank acquired four new branches in 2010 through partnerships with Industrial Federal Savings and Cherryville Federal Bank.

HomeTrust has 20 full-service branches and 21 automated teller machines (ATMs) that serve nine counties in five metropolitan areas and nine non-metropolitan counties in North Carolina. In July 2012, HomeTrust converted from a mutual savings association to a stock bank. The bank has one subsidiary, Western North Carolina Service Corporation, whose sole purpose is to hold real estate.

As of September 30, 2012, HomeTrust reported total assets of \$1.5 billion, total net loans of \$1.2 billion, and total deposits of \$1.2 billion. Net loans and leases represent 74.2 percent of total assets. By dollar amount, the loan portfolio is comprised of residential mortgage loans (76.4 percent), commercial loans including non-farm non-residential real estate (19.6 percent), construction and development loans (5.0 percent), and consumer loans (4.0 percent). Tier 1 Capital totals \$217 million or 14.4 percent of adjusted average assets as of September 30, 2012. Tier 1 Risk Based Capital (RBC) and Total RBC represent 20.6 percent and 21.8 percent of risk weighted assets, respectively.

HomeTrust's business strategy is to accept local deposits to fund the origination of mortgage loans secured primarily by first and second liens on one-to-four family residences. The bank offers a full range of traditional banking products and services for consumers and businesses. As a predominately residential mortgage lender, HomeTrust offers various types of mortgage financing for new construction, home purchase, home improvement, and home refinancing. The bank also offers numerous types of business loans for commercial real estate, small business, working capital, purchase of equipment and vehicles, and lines of credit. In addition, HomeTrust offers a wide array of deposit products and services for consumer and businesses. These products and services include checking and savings accounts, wire services, cash management services, and various methods to access and use services electronically. Alternative delivery systems include online banking with bill-pay and 24-hour telephone banking. In November 2012, the bank introduced mobile banking, which provides real-time access to accounts using a mobile phone or tablet.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of its AAs. The bank's rating at its preceding CRA examination, dated October 13, 2009, was "Outstanding."

## 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 the HMDA as well as small loans to businesses and community development loans reported under the CRA. The number of small loans to farms originated during the evaluation period was not sufficient to conduct a meaningful analysis and was not considered during this evaluation. HomeTrust only originated 14 (0.22 percent) small loans to farms across all AAs during the evaluation period. Therefore, Tables 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 January 1, 2009 through December 31, 2011. For CD loans, the Investment Test, and the Services Test, the evaluation period is October 13, 2009 through January 7, 2013.

### Data Integrity

As part of this CRA evaluation, the accuracy of the bank's publicly filed information on HMDA loans and small loans to businesses and farms was tested. 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

As of the examination, HomeTrust has five AAs, all located in North Carolina. We selected the Asheville AA and the Non-MSAs AAs of Cleveland, Polk, and Rutherford Counties for full-scope reviews. As of June 30, 2012, the Asheville AA represents 57 percent of total bank deposits and 74 percent of total loans originated during the evaluation period. The Non-MSA AAs represent 20 percent of total deposits and 15 percent of total loans originated 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.

The bank's primary loan types are home mortgage and small business loans. The distribution of home mortgage loans represents the majority of loans originated during the evaluation period. Therefore, greater emphasis was placed on home mortgage loans to determine the overall Lending Test rating. Approximately 92 percent of total loans originated during the evaluation period were home mortgage loans. Small loans to businesses accounted for 8 percent of the bank's total lending activity. Home mortgages and small business loans made up 91.2 percent and 8 percent, respectively, of total loans originated in the Asheville AA. In the Non-MSA AA, home mortgage loans made up 93.9 percent and small business loans 6.1

percent of all loans originated. As a result, home mortgage loans received greater weight than small loans to businesses in determining the overall lending test rating.

Within home mortgage loan types, home refinance loans received the greatest performance rating, while home purchase loans received slightly less performance rating. Home improvement loans were not evaluated due to minimal loan volume. Home refinance loans represent 68.2 percent of total home mortgages across all AAs. In the Asheville AA, home refinance loans account for 67.5 percent of all home mortgages and in the Non-MSA AAs, home refinance loans account for 66.5 percent of all home mortgage loans. Home improvement lending was not evaluated due to minimal loan volume. During the evaluation period, HomeTrust originated 20 (0.37 percent) home improvement loans across the AA.

## **Other**

During our examination, we contacted a nonprofit housing organization in the Asheville AA and reviewed information from a representative of an affordable housing organization in the Non-MSA AA. These community representatives provided us with information regarding the credit needs of the community as well as information regarding the area's economic climate in general. According to our contact, the price of housing in the Asheville AA is very expensive as it is a large secondary home area. The contact also indicated that there is a shortage of affordable rental housing in the Asheville AA. From the information reviewed, credit issues and lack of financial management skills are the biggest obstacles for home purchase for low- and moderate-income (LMI) individuals in Cleveland County. In addition, the Cleveland County contact noted that there was a need for banks to offer deposit products with features that would be affordable for LMI individuals.

## **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 upon full scope reviews, the bank's performance in the Asheville AA and the Non-MSA AA is 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.

##### Asheville AA

HomeTrust's lending levels reflect excellent responsiveness to credit needs of the AA. HomeTrust has eight branches and 56.5 percent of its deposits in the Asheville AA. The bank is ranked 3<sup>rd</sup> in deposits with a 12.19 percent market share as of June 30, 2012. There are 22 financial institutions with 126 banking offices throughout the AA.

Based on 2011 HMDA Peer Mortgage Data, HomeTrust has a 12.45 percent market share and ranks 2<sup>nd</sup> out of 289 lenders in overall home mortgage lending in the Asheville AA. HomeTrust has a 14.80 percent market share and ranks 1<sup>st</sup> out of 162 lenders in home purchase lending. HomeTrust has a 1.08 percent market share and ranks 17<sup>th</sup> out of 48 lenders in home improvement lending. The bank has 11.81 percent market share and ranks 2<sup>nd</sup> out of 238 lenders in home refinance lending.

Based on 2011 peer small business data, HomeTrust ranks 15<sup>th</sup> out of 70 CRA reporters in the Asheville AA in making small loans to businesses with a 1.20 percent market share. HomeTrust has a 1.78 percent market share and ranks 13<sup>th</sup> out of 70 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, HomeTrust's lending levels reflect good responsiveness to credit needs in the AA. HomeTrust has five branches and 20.11 percent of its deposits in the Non-MSA AAs. The bank is ranked 3<sup>rd</sup> in deposits with a 12.70 percent market share as of June 30, 2012. There are 16 financial institutions with 55 banking offices throughout the AA.

Based on 2011 HMDA Peer Mortgage Data, HomeTrust has a 7.62 percent market share and ranks 4<sup>th</sup> out of 202 lenders in overall home mortgage lending in the Non-MSA AAs. HomeTrust has a 6.91 percent market share and ranks 5<sup>th</sup> out of 99 lenders in home purchase lending. HomeTrust has an 8.36 percent market share and ranks 4<sup>th</sup> out of 157 lenders in home refinance lending in the AA.

Based on 2011 aggregate market data, HomeTrust ranks 25<sup>th</sup> out of 50 CRA reporters in the Non-MSA AAs in making small loans to businesses with a 0.25 percent market share. HomeTrust has a 0.42 percent market share and ranks 18<sup>th</sup> out of 50 lenders in loans to small businesses (businesses with less than \$1 million in GAR).

### **Distribution of Loans by Income Level of the Geography**

The geographic distribution of loans reflects good penetration throughout the AAs. The distribution of home mortgage loans is good. The distribution of small loans to businesses is excellent. There were no unexplained, conspicuous gaps in the bank's lending patterns throughout its AAs

In evaluating performance, we considered the following demographic factors:

- Opportunities to lend in low-income geographies in the Asheville AA is limited. Owner-occupied housing units located in low-income census tracts only comprise 0.58 percent of the total owner occupied housing units.
- Opportunities to lend in moderate-income geographies in the Non-MSA AA is limited. Owner-occupied housing units located in moderate-income census tracts comprise 4.78 percent of the total owner occupied housing units.
- Without any branches in moderate-income census tracts, the bank's opportunities to lend in moderate-income census tracts is limited in the Non-MSA AAs.
- Opportunities to lend to small businesses in low-income geographies in the Asheville AA is limited. Based upon 2011 Dunn and Bradstreet data, only 2.17 percent of businesses are located in low-income tracts within the Asheville AA.

### ***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.

### ***Home Purchase Loans***

#### Asheville AA

The geographic distribution of home purchase loans in the Asheville AA is excellent.

The bank's percent of home purchase loans in low-income geographies exceeds the percent of owner-occupied units in low-income geographies. The bank's percent of home purchase loans in moderate-income geographies exceeds the percent of owner-occupied units in moderate-income geographies. HomeTrust's percentage of loans in low-income census tracts exceeds aggregate lending activity. The percent of loans in moderate-income census tracts exceeds aggregate lending activity.

Non-MSA AAs

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

Based upon 2000 Census data, there are no low-income geographies in the Non-MSA AAs. The bank's percent of home purchase loans in moderate-income geographies nearly equals the percent of owner-occupied units in moderate-income geographies. The bank's percent of home purchase loans in moderate-income geographies exceeds aggregate lending activity of home purchase loans in moderate-income geographies.

***Home Improvement Loans***Asheville AA

The volume of home improvement loans originated in the Asheville AA during the evaluation period is too limited to render a meaningful analysis. HomeTrust originated 17 home improvement loans during the evaluation period. Therefore, the bank's performance for home improvement lending is not factored into the overall home mortgage geographic rating.

Non-MSA AAs

The volume of home improvement loans originated in the Non-MSA AA during the evaluation period is not significant to render a meaningful analysis. HomeTrust originated 3 loans home improvement loans in the AA during the evaluation period. Therefore, the bank's lending performance for home improvement loans is not factored into the overall home mortgage geographic distribution rating.

***Home Refinance Loans***Asheville AA

The geographic distribution of home refinance loans reflects good penetration in the Asheville AA. HomeTrust's percent of home refinance loans in low-income geographies nearly equals the percent of owner-occupied units in low-income geographies. HomeTrust's distribution of home refinance loans in moderate-income geographies is below the percent of owner-occupied units in moderate-income geographies. HomeTrust's percentage of loans in low-income census tracts is near to aggregate lending activity in moderate-income census tracts. The bank's percent of home refinance loans in moderate-income geographies is slightly below aggregate lending activity in moderate-income geographies.

Non-MSA AAs

The geographic distribution of home refinance loans reflects poor penetration in the Non-MSA AA. As previously stated, there are no low-income census tracts in the Non-MSA AAs based upon 2000 Census data. HomeTrust's percent of home refinance loans in moderate-income geographies is significantly below the percent of owner-occupied units in moderate-income geographies. The percent of home refinance loans in moderate-income geographies is below aggregate lending activity in moderate-income geographies. HomeTrust's poor penetration in moderate-income census tracts may be impacted by several factors. Foremost, opportunities to lend in moderate-income census tracts is limited considering the small percent of owner-

occupied housing units located in moderate-income census tracts. In addition, the bank does not have any branch offices located in moderate-income census tracts in the AA.

### ***Multi-Family Loans***

#### Asheville AA

The geographic distribution of multi-family loans in the Asheville AA is adequate. During the evaluation period, HomeTrust's distribution of multi-family housing loans in low-income census tracts was weak. The bank did not originate any multi-family housing loans in low-income census tracts. Lending opportunities in low-income census tracts may be limited in that only 6.15 percent of all the multi-family housing units are located in low-income census tracts. The bank's percentage of loans in moderate-income census tracts exceeds the percentage of multi-family housing units located in the AA. The bank's percentage of lending in low-income census tracts is the same as other lenders based upon 2011 Aggregate HMDA data. HomeTrust's percentage of loans in moderate-income census tracts is somewhat near to aggregate lending activity.

#### Non-MSA AA

HomeTrust originated two multi-family housing loans in the AA. Due to a small number of loans originated in the Non-MSA AA, no meaningful analysis was possible.

### ***Small Loans to Businesses***

The geographic distribution of small loans to businesses is excellent.

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

#### Asheville AA

HomeTrust distribution of small loans to businesses in the AA is excellent. The distribution of small loans to businesses in low-income geographies exceeds the percent of businesses located in low-income geographies. The percent of small loans to businesses in moderate-income geographies far exceeds the percent of businesses located in moderate-income geographies. The percent of loans in low-income census tracts exceeds peer lending activity. The bank's distribution of loans in the moderate-income geographies exceeds peer lending activity.

#### Non-MSA AAs

HomeTrust's distribution of small loans to businesses is excellent. Based upon 2000 Census data, there are no low-income geographies in the Non-MSA AAs. The bank's distribution of small loans to businesses exceeds the percentage of businesses located in moderate-income geographies. In addition, HomeTrust's percentage of loans in the moderate-income geographies exceeds peer lending activity.

## **Lending Gap Analysis**

We evaluated the lending distribution in the AAs 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***

A substantial majority of HomeTrust's loans were made in the bank's combined AAs during the evaluation period. Overall, 91.7 percent of the bank's loan total originations are within their AAs. For HMDA products, 92.0 percent of all originations are within the AAs. By loan product 91.4 percent of all home purchase loans, 80.0 percent of all home improvement loans, and 91.6 percent of all refinance mortgage loans are in the bank's AAs. For loans to businesses, 92.8 percent are 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**

Given the product lines offered by the bank, the distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different sizes. The penetration of home mortgage loans by borrower income level is good. The penetration of loans among businesses of different sizes is excellent. In determining the bank's performance, greater weight was placed on home mortgage lending activity than business lending activity. During the evaluation period, home mortgage lending accounts for the majority of the bank's total lending activity.

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

- Unemployment rates in the AAs may have adversely impacted loan demand. The unemployment rate was 7.1 percent in the Asheville AA. In the Non-MSA AA, the unemployment rate was 12.0 percent.
- Family poverty rates may have adversely affected lending opportunities among low-income families. Families below poverty may not have sufficient financial resources to obtain mortgage loans. According to 2000 Census data, family poverty rates were 7.6 percent and 9.8 percent in the Asheville and Non-MSA AAs, 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***

#### Asheville AA

The distribution of home purchase loans by income level of the borrower in the Asheville AA is good. The bank's percent of home purchase loans to low-income borrowers is below the percent of low-income families in the AA. However, this percentage is adequate considering the family poverty rate of 7.6 percent. HomeTrust's percent of home purchase loans to moderate-income borrowers exceeds the percent of moderate-income families in the AA. The bank's distribution of loans to low-income borrowers is close to aggregate lending activity. The percent of loans to moderate-income borrowers is near to the aggregate lending benchmark.

#### Non-MSA AAs

The distribution of home purchase loans by income level of the borrower in the Non-MSA AAs is good. The bank's penetration of home purchase loans to low-income borrowers is lower than the percent of low-income families in the AA. However, when the family poverty rate of 9.8 percent is considered, the bank's record of lending to low-income borrowers is good. The bank's distribution of loans to moderate-income borrowers exceeds the percent of moderate-income families in the AA. The bank's distribution of loans to low-income borrowers nearly equals 2011 aggregate HMDA lending activity. HomeTrust's distribution of loans to moderate-income borrowers nearly equals aggregate lending activity.

### ***Home Improvement Loans***

#### Asheville AA

The volume of home improvement loans originated in the AA during the evaluation period is not significant enough to render a meaningful analysis. Therefore, the bank's lending performance for home improvement loans was not factored into the overall home mortgage borrower distribution rating.

#### Non-MSA AAs

The volume of home improvement loans originated in the AA during the evaluation period is minimal. HomeTrust originated only three home improvement loans in the Non-MSA AA. Due to a small number of loans originated in the Non-MSA AA, no meaningful analysis was possible.

### ***Home Refinance Loans***

#### Asheville AA

The distribution of home refinance loans by income level of the borrower in the Asheville AA is good. HomeTrust's penetration of home refinance loans to low-income borrowers is lower

than the percent of low-income families in the AA. However, lending opportunities to low-income borrowers may be impacted by family poverty rates and local unemployment rates. The bank's percent of home refinance loans to moderate-income borrowers nearly equals the percent of moderate-income families in the AA. The bank's distribution of loans to low-income borrowers is below aggregate lending activity. HomeTrust's distribution of moderate-income borrowers nearly equals aggregate lending activity.

#### Non-MSA AAs

The distribution of home refinance loans by income level of the borrower reflects good penetration in the Non-MSA AAs. HomeTrust's penetration of home refinance loans to low-income borrowers is significantly lower than the percent of low-income families in the AA. However, the bank's lending opportunities among low-income borrowers may be impacted by family poverty rates and local unemployment rates. The bank's percent of home refinance loans to moderate-income borrowers is somewhat lower than the percent of moderate-income families in the AA. The bank's percent of lending to low-income borrowers is near to aggregate lending activity. The bank's percent of lending to moderate-income borrowers nearly equals aggregate lending activity.

#### ***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.

#### Asheville AA

The distribution of small loans to businesses in the AA is excellent. The bank's percentage of small loans to small businesses (businesses with annual revenues \$1 million or less) exceeds the percent of small businesses in the AA. The bank's percent of small loans to businesses exceeds peer lending activity to businesses with revenues less than \$1 million. Nearly half of the bank's small loans to businesses were for loan amounts less than \$100 thousand. This percent of lending based upon the loan amount reflects a good record of lending to smaller sized businesses.

#### Non-MSA AAs

The distribution of small loans to businesses in the AA is excellent. The bank's percent of small loans to small businesses (businesses with annual revenues \$1 million or less) exceeds the percent of small businesses in the AA. HomeTrust's percent of small loans to small businesses exceeds peer lending activity to businesses with revenues less than \$1 million. The majority of the bank's small loans to businesses were for loan amounts less than \$100 thousand. This percent of lending based upon loan amount reflects a good record of lending to smaller sized businesses.

## 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. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

The bank made a relatively high level of community development loans, which had a positive impact on the bank's lending performance rating. During the evaluation period, HomeTrust originated 33 community development loans totaling \$17.8 million within the combined AAs. In addition, the bank originated \$4.6 million in community development loans that benefited a broader regional area, which included the bank's AAs. The majority of the bank's community development loans provided financing for housing units with affordable rental amounts. These loans were very responsive to community credit needs. Refer to the Market Profile section in Appendix C for details on needs and opportunities.

HomeTrust is an active member of the Community Investment Corporation of the Carolinas (CICCAR), a consortium of lenders formed by the North Carolina Bankers Association to provide long term financing for LMI multi-family and elderly housing projects by selling participation interests to members of the organization. To be eligible, at least 51 percent of the housing units must provide housing for individuals earning no more than 60 percent of the area median income and their residents pay no more than 30 percent of their monthly income for housing. Most of the CICCAR developments have received an allocation of Federal low income housing tax credits and have some sort of subordinated debt. This leveraged funding comes from city, county, federal HOME funds, affordable housing grants, and state housing trust funds. During the evaluation period, HomeTrust funded 35 loan participations totaling \$1.0 million. These loans provided permanent financing for affordable housing projects throughout the Southeast Region of United States. HomeTrust also committed to fund nine CICCAR affordable housing loan participations totaling \$1.1 million.

HomeTrust originated four loans totaling \$9.4 million through the Small Business Administration (SBA) 504 Certified Development Program, which qualify as community development loans. Loans made through 504 Certified Development Loan Program must be used for fixed assets such as purchasing land improvements, construction of new facilities, converting or renovating existing facilities or purchasing long-term machinery and equipment. These loans offer businesses both immediate and long-term benefits such as 90 percent financing, longer loan amortizations, no balloon payments, fixed interest rates, and savings that result in improved cash flow.

### Asheville AA

HomeTrust made a relatively high level of community development loans in the Asheville AA. The bank originated 24 community development loans totaling \$13.9 million in the AA. This had a positive impact on the bank's overall lending test rating.

The majority of the bank's community development loans consisted of loans to finance affordable multifamily housing units. These loans provided financing for approximately 225 affordable housing units.

HomeTrust originated three loans totaling \$246,000 to the Asheville Habitat for Humanity. These loans provided financing to purchase lots to build homes for LMI individuals and to fund construction costs.

HomeTrust also originated a \$250,000 line of credit to the Henderson Habitat for Humanity. This financing helped this nonprofit, affordable housing organization cover shortfalls in operating costs, which occurred prior to receiving reimbursement from grant proceeds.

HomeTrust originated a \$380,000 loan to the Western Carolina Rescue Mission Thrift Stores LLC. This loan provided financing for this entity to purchase a thrift store from its parent company, the Western Carolina Rescue Mission (WCRM). The revenues generated from thrift store's sale of donated items are used to support the ongoing work of the WCRM. WCRM operates Asheville's largest emergency homeless shelter.

HomeTrust originated one CICCAR loan participation for \$81,400. This loan provided financing for the Smokey Meadows Apartments, a 52 unit affordable housing project in Canton, North Carolina.

#### Non-MSA AA

HomeTrust made a relatively high level of community development loans in the AA. During the evaluation period, the bank originated six community development loans totaling \$2.8 million. Of this total, two loans provided financing for approximately 12 affordable multi-family housing units. Four of the six community development loans were CICCAR loan participations. These participation loans provided construction and permanent financing for approximately 119 affordable housing units in the AA.

#### Regional

HomeTrust funded 31 loan participations totaling \$885,000 with CICCAR. These loans helped to provide financing for numerous affordable rental housing units throughout the Southeast region of the United States. In addition, the bank funded a \$3.8 million loan in Greensboro-Highpoint NC MSA through the SBA 504 Certified Development Program.

### **Product Innovation and Flexibility**

The bank uses flexible lending practices that address and serve the credit needs of LMI individuals. HomeTrust originated 263 loans totaling \$32.8 million using flexible lending practices. This had a positive impact on the bank's lending performance. HomeTrust does not offer innovative loan products. This had a neutral impact on lending performance.

HomeTrust did not offer any innovative or flexible loan practices designed to meet the credit needs of very small businesses. This had a neutral impact on lending performance.

North Carolina Finance Authority

HomeTrust participates in a first time homebuyer program through the North Carolina Housing Finance Authority for the purchase of affordable housing. This program provides low interest mortgages and down payment assistance in the form of zero-interest, deferred second mortgages. Eligible borrowers must be first-time homebuyers, meet specific income limits (which can vary by county), occupy the home within 60 days of closing, and continue to occupy the home until sale or refinance. In addition, there are purchase price limits for the dwelling. During the evaluation period, HomeTrust originated nine mortgage loans totaling approximately \$935,320 under this program.

US Department of Agriculture (USDA) Rural Development Program

HomeTrust Bank participates in the loan program offered through the USDA's Rural Development Program. This program is offered to assist LMI individuals in rural areas achieve the goal of homeownership. Under this program, mortgage loans are available with high loan-to-value ratios with no private mortgage insurance. In addition, the loans are at a fixed rate for 30 years, there is no limit on the seller's contribution to the closing costs, and there is no maximum loan amount. During the evaluation period, HomeTrust originated 244 loans totaling \$31.1 million through the USDA Rural Development Program.

Federal Home Loan Bank of Atlanta -First Time Home Buyer Program

HomeTrust is a participant in a down payment assistance program through the Federal Home Loan Bank of Atlanta's First Time Home Buyer Program. To qualify for the program, homebuyers must have incomes below 80 percent of the area median family income and the borrower must complete financial literacy training. Under this program, borrowers receive \$4 in matching funds for every \$1 the borrower contributes up to \$7,500. During the evaluation period, the bank originated 10 loans totaling \$885,895 through this program.

Foreclosure Recovery Program

HomeTrust participates with the Federal Home Loan Bank of Atlanta's Affordable Housing Program in a Foreclosure Recovery Program. Flexible financing is available to LMI borrowers who purchase a foreclosure property from HomeTrust's inventory. Qualified buyers can receive matching funds of \$4 for every \$1 contributed by the borrower up to \$15,000 to assist with down payment, closing costs or home rehabilitation costs. The bank began participating in this program in 2012.

**Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the Davidson, Gaston, and Rockingham 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 positive 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 Outstanding. The bank's performance in the Asheville AA is excellent. The bank's performance in the Non-MSA AAs is good. Total qualified investments equaled 2.61 percent of Tier 1 Capital. Qualified investments reflect excellent responsiveness to community credit needs. The bank's use of innovative and complex qualified investments is significant. These complex qualified investments benefit regional areas, which include the bank's AAs.

In assessing the bank's performance under the investment test, more emphasis was placed on the level of qualified investments and the responsiveness to community development needs than the innovativeness and complexity of the bank's qualified investments. Additional factors were considered to determine the bank's rating, including: (1) the financial condition of the bank; (2) the economic conditions in the AAs; and (3) the bank's presence in each AA.

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

#### Asheville AA

The level of qualified investments in the AA is excellent. The bank's qualified investments total \$1.5 million in the AA. The bank exhibits excellent responsiveness to credit and community development needs. HomeTrust made significant financial contributions to numerous community development organizations working to meet affordable housing needs and providing social services to low-income individuals.

The bank made 72 contributions totaling approximately \$150,000 to community development organizations that provide direct support, services, and activities that impact LMI geographies and LMI individuals in the AA. These financial contributions included \$20,500 to Mountain Housing Opportunities, a non-profit affordable housing organization serving LMI individuals. In addition, the bank gave \$13,250 to a local organization that conducts financial literacy education classes for LMI individuals. HomeTrust also contributed approximately \$11,000 to several organizations, which provide social services to homeless and other very low-income individuals. The bank also made monetary contributions totaling \$6,700 to a local non-profit organization, which provides free legal services to LMI individuals facing foreclosure as well as other economically disadvantaged individuals and children.

During the evaluation period, HomeTrust made a financial grant totaling \$12,000 in partnership with the Asheville Chamber of Commerce's economic development initiative to create jobs in the Asheville, North Carolina area. The bank's financial contributions will help provide job-

training programs to LMI individuals and support small businesses owned and operated by LMI individuals.

During the evaluation period, HomeTrust purchased targeted mortgage-backed securities in the amount of \$1.4 million representing 11 underlying mortgages to low- and moderate-income borrowers in the AA.

#### Non-MSA AAs

HomeTrust has a significant level of qualified investments in the AA. The bank exhibits good responsiveness to credit and community development needs. Qualified investments total \$129,500. The bank made adequate use of innovative or complex qualified investments.

HomeTrust made financial contributions totaling \$17,500 to community development organizations that provide direct support, services, and activities that impact low- and moderate-income individuals in the AA. This total includes \$2,000 to the Cleveland County Habitat for Humanity. In addition, the bank provided financial grants totaling approximately \$8,000 to several organizations involved in economic revitalization in distressed middle-income census tracts in the AA.

During the evaluation period, HomeTrust purchased targeted mortgage-backed securities in the amount of \$112,000 representing one underlying mortgage to a moderate-income borrower in the AA.

#### Statewide

The bank purchased targeted mortgage-backed securities in the amount of \$2.5 million, representing 18 underlying mortgages to LMI borrowers.

HomeTrust gave a total of \$5,818 in financial contributions to North Carolina Bankers Association's Camp Challenge. This money provided scholarships for a summer camp experience for high-achieving, LMI income students from across the state. In addition to traditional summer camp activities, Camp Challenge kids learn age-appropriate personal finance and development skills.

#### Regional

HomeTrust has an outstanding investment of \$534,000 in the Plexus Fund I (PF), a North Carolina limited partnership. PF is a closed-end investment company licensed by the Small Business Administration as a Small Business Investment Company (SBIC). The PF provides financing to middle-market companies located in the southeast and middle Atlantic regions of the United States. PF has investments in 11 businesses in these areas including, but not limited to, Charlotte, North Carolina; Winston-Salem, North Carolina; and Greer, South Carolina. In November 2012, HomeTrust committed to purchase a \$2.2 million investment in Plexus Fund III.

During the evaluation period, HomeTrust purchased a \$249,000, 12-month certificate of deposit from Pan American Bank in Los Angeles, California. Pan American Bank is a 48-year old Latino owned bank and is part of the United States Treasury's Minority Bank Depository

Institution program. Because of the minority nature of the institution, HomeTrust's deposit receives credit for CRA purposes.

HomeTrust also purchased a \$248,000 certificate of deposit from the Self-Help Credit Union in Raleigh, North Carolina. Self Help Credit Union is a non-profit organization that provides financing, consumer financial services, and advocacy for LMI individuals. This credit union targets female, low-income, low-wealth, rural and minority communities across North Carolina, Washington D.C., California, and other states.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the investment test in the Davidson, Gaston, and Rockingham AAs is weaker than the bank's Outstanding performance in the full-scope AAs. While investment activity in Davidson, Gaston, and Rockingham Counties was limited, it is considered adequate in relationship to the bank's overall presence in the respective AA. The bank's performance in the limited-scope areas had a neutral impact on the investment test conclusions.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the service test is rated Outstanding. Based on full-scope reviews, the bank's performance in the Asheville AA is excellent and performance in the Non-MSA AAs is good. Service delivery systems are readily assessable to portions of the full scope AAs, particularly LMI geographies or to LMI individuals. To the extent changes have been made, the bank's opening and closing of branch offices have not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or LMI individuals. Banking services are tailored for convenience to the AAs, including LMI geographies and LMI individuals. HomeTrust is a leader in providing community development services.

Additional factors were considered to determine the bank's performance under the service test. They are as follows: (1) the bank's presence in each AA; and (2) branch staffing capacity in each AA.

### **Retail Banking Services**

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

#### Asheville AA

Service delivery systems are readily assessable, particularly to LMI geographies or LMI individuals. The bank's services are tailored to the convenience and needs of the AA,

particularly in LMI geographies and to LMI individuals. HomeTrust operates eight full service branch offices in the AA. All eight offices have ATMs. In June 2011, the bank established a free standing ATM located in a middle-income census tract on the University of North Carolina's Asheville campus. The distribution of branches in low-income census tracts exceeds the percentage of the population located in low-income census tracts. In addition, the percentage of branches in moderate-income census tracts nearly equals the percentage of the population located in moderate-income census tracts.

Banking hours and services provided Monday through Friday are supplemented through extended hours on Friday at all banking facilities. In addition, the drive-thru windows are open early at 8:30 am each weekday at several branches, including those located in LMI geographies. The bank's drive-thru windows are also open on Saturday mornings at several offices, including those located in LMI census tracts.

HomeTrust offers a wide range of traditional deposit and banking products. In addition, several low cost personal checking accounts are available that contain features to benefit LMI individuals. These features include no monthly service fees, no minimum balance requirements, and a limited number of free transactions at non-HomeTrust ATMs. Further, HomeTrust offers telephone banking, online banking with bill pay, and mobile banking.

HomeTrust offers Individual Development Account (IDA) partnerships with several nonprofit organizations. Currently, the bank has 18 IDAs totaling \$16,184. IDAs are savings accounts designed to assist individuals in saving for home purchases and have special characteristics that make it beneficial for LMI individuals. These characteristics include no-minimum balance requirements, no monthly service fees, and a low account opening deposit of \$25. In March of 2012, HomeTrust began offering IDAs to clients of OnTrack Financial Education and Counseling (OnTrack). OnTrack is a nonprofit organization that assists individuals with managing their money and credit through better education programs, individual counseling appointments, and debt management programs. HomeTrust also offers IDA accounts through partnerships with the following community development organizations: Affordable Housing Coalition, Eagle Market Street Development, Mountain MicroEnterprises, and the Asheville Housing Authority.

To the extent changes have been made, HomeTrust's opening and closing of branches has not adversely impacted the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. During the evaluation period, HomeTrust did not open or close any branch offices. However, two branches in two different middle-income census tracts were relocated to other locations within the same respective middle-income census tracts.

#### Non-MSA AAs

Service delivery systems are assessable to the AA, particularly to LMI income geographies or LMI individuals. As a result of the changes with the 2010 Census, two census tracts are designated as low-income census tracts. The bank's percentage of branches located in low-income census tracts exceeds the percentage of the population within low-income census tracts. HomeTrust does not operate any branch offices in moderate-income census tracks. The bank's two branches in Cleveland County are situated in distressed middle-income census

tracts. The bank's two branches in Polk County are located in underserved middle-income census tracts.

Banking hours and services provided Monday through Friday are supplemented through extended hours on Friday at all banking facilities. In addition, the drive-thru windows are open early at 8:30 a.m. each weekday at several branches, including the one branch located in a low income census tract. None of the bank's drive-thru windows are open on Saturday mornings in the AAs.

HomeTrust offers a wide range of traditional deposit and banking products. In addition, several low cost personal checking accounts are available that contain features to benefit LMI individuals. These features include no monthly service fees, no minimum balance requirements, and a limited number of free transactions at non-HomeTrust ATMs. HomeTrust also offers telephone banking, online banking with bill pay, and mobile banking.

To the extent changes have been made, HomeTrust's opening and closing of branches has not adversely impacted the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. During the evaluation period, no branch offices were closed or opened.

## **Community Development Services**

### Asheville AA

HomeTrust is a leader in providing community development services. Officers and staff contributed financial services and technical expertise to eight community development organizations in the AA during the evaluation period.

Three HomeTrust loan officers taught first-time homebuyers classes several times a month for the following affordable housing/credit counseling organizations: Affordable Housing Coalition, the Asheville City of Housing Authority Section 8 applicants, and OnTrack.

HomeTrust Bank personnel provided technical assistance on financial matters to the Asheville Habitat for Humanity (Asheville Habitat) and the Henderson Habitat for Humanity. Bank employees assisted these nonprofit organizations in applying for seven grants under the Federal Home Loan Bank (FHLB) of Atlanta's Affordable Housing Program. This competitive program provides private sector grants for housing and community development organizations to build and renovate housing for LMI households. The FHLB approved three of the seven funding requests for the Asheville Habitat totaling \$190,000. This funding helped finance the construction of 19 housing units.

Other members of senior management provide banking expertise to several community organizations involved in affordable housing and social services for LMI individuals. Bank personnel serve on the Boards of the Affordable Housing Coalition of Buncombe County, the YWCA of Asheville, and the Haywood Good Samaritan Clinic. In addition, HomeTrust's President provided technical assistance in a economic development initiative with the Asheville Chamber of Commerce. This initiative provides job training for LMI individuals.

Two bank loan officers also conducted financial education classes at an elementary school in Buncombe County. This school serves predominately LMI students. In addition, another loan officer taught financial education classes through the Buncombe County Department of Social Services program that fosters children approaching release from the foster care system. These classes covered savings, budgeting, and how to open and maintain banking accounts. Children served by the Buncombe County Department of Social Services are predominately LMI.

During the evaluation period, bank employees appeared on a monthly local radio station show called Money Matters. This public access radio show promotes home ownership education and financial counseling. Bank employees work directly with LMI families to help them repair credit ratings in order to purchase their first home.

Non-MSA AAs:

The bank provides a relatively high level of community development services in the AA. Members of management provided community development services to four community development organizations during the evaluation period. One of HomeTrust's regional Presidents serves on the Shelby Housing Development Board. In addition, other members of senior management provide banking expertise to two organizations involved in economic revitalization efforts in Cleveland County. Cleveland County has experienced high unemployment and has a high number of economically distressed middle-income census tracts. Another member of management serves on the Board of an organization involved in economic revitalization efforts in Polk County. There are several underserved middle-income geographies in Polk County. In addition, a branch manager serves on the finance committee of a nonprofit organization providing healthcare services in an underserved middle-income census tract in Polk County.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the service test in the Davidson, Gaston, and Rockingham AAs was weaker than HomeTrust's overall Outstanding 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. During the evaluation period, community development services were limited. Within Davidson County, one bank employee conducted first-time homebuyer education classes with an affordable housing organization. In Gaston and Rockingham counties, the bank's regional Presidents serve on the Board of organizations involved in business development and providing social services to needy individuals respectively.

## 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”).

<b>Time Period Reviewed</b>	Lending Test (excluding CD loans): 1/1/2009 to 12/31/2011 Investment and Service Tests and CD Loans: 10/9/2009 to 1/7/2013	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
HomeTrust Bank, Asheville, NC	Home Mortgage, Small Loans to Businesses and CD loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<i>None</i>		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Asheville	Full-scope	Buncombe, Haywood, and Henderson Counties, NC (Portion of the Asheville, NC MSA 11700)
Non-MSA AAs	Full-scope	Cleveland, Polk, and Rutherford Counties, North Carolina, Non-MSA
Davidson	Limited-scope	Davidson County, NC, Non-MSA
Gaston	Limited-scope	Gaston County (Portion of the Charlotte-Gastonia-Rock Hill NC-SC MSA 16740)
Rockingham	Limited-scope	Rockingham County, NC (Portion of the Greensboro-Highpoint NC MSA 24660)

## Appendix B: Market Profiles for Full-Scope Areas

### Asheville AA

Demographic Information for Full Scope Area: Buncombe, Henderson, and Haywood, NC						
		Low	Moderate	Middle	Upper	NA*
Demographic Characteristics	#	% of #	% of #	% of #	% of #	% of #
Geographies (Census Tracts/BNAs)	99	3.03	14.14	60.61	20.20	2.02
Population by Geography	404,094	1.81	15.13	64.17	18.88	0.00
Owner-Occupied Housing by Geography	170,863	0.88	12.69	65.86	20.57	0.00
Business by Geography	18,959	5.80	17.84	62.23	14.13	0.19
Farms by Geography	370	1.08	11.08	74.86	12.97	0.06
Family Distribution by Income Level	109,348	18.55	19.38	23.49	38.57	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	41,484	1.31	14.22	64.13	20.34	0.00
Median Family Income		55,018	Median Housing Value			\$192,747
HUD Adjusted Median Family Income for 2011		58,400				
Households Below Poverty Level		13.04	Unemployment Rate			7.1 %

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

2011 HUD updated MFI; 2010 Census Data; Bureau of Labor Statistics Oct. 2012 estimate

HomeTrust is headquartered in the city of Asheville, North Carolina and operates eight full service branch offices in the counties of Buncombe, Haywood, and Buncombe. All branches have ATMs on site. The bank's assessment area is comprised of the three counties of Buncombe, Haywood, and Henderson, which is part of the Asheville, North Carolina MSA. Within the Asheville AA, HomeTrust bank is ranked 3<sup>rd</sup> out of 22 financial institutions for its market share of deposits and has 12.19 percent deposit market share based upon the June 30, 2012 FDIC Summary of Deposit Market Share Report.

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

- Wells Fargo N.A., ranked 1<sup>st</sup> in deposit market share (19.82 percent) with 14 offices;
- First Citizens Bank ranked 2<sup>nd</sup> in deposit market share (16.98 percent) with 19 offices; and
- Asheville Savings Bank S.S.B., ranked 4<sup>th</sup> in deposit market share (7.18 percent) with 10 offices.

HomeTrust's business strategy is to accept local deposits to fund the origination of mortgage loans secured primarily by first and second mortgage loans on one-to-four family residences including home equity loans and construction loans and land/lot loans, commercial real estate loans, development loans, and municipal leases. Municipal leases are secured by ground leases for firehouses or an equipment leases for fire trucks and firefighting equipment to fire

departments located throughout North and South Carolina. In addition, HomeTrust offers a wide range of deposit products for consumers and businesses.

The Asheville AA is a large second home area and housing prices are high. The unemployment rate for the Asheville MSA is 7.1 percent, which is below the North Carolina state unemployment rate of 9.2 percent. Major employers in the Asheville AA include Memorial Hospital, Ingles Market, Buncombe County Board of Education, Henderson Board of Public Administration, and the Veterans Administration.

A community contact was conducted with a representative of an affordable housing organization in the Asheville AA. The contact identified the need for affordable owner occupied and rental housing. The contact thought that the banks offered a wide range of low cost deposit accounts. However, many low-income families refuse to open checking accounts for various reasons such as distrust in the bank and a lack of understanding on how checking accounts work. In addition, the contact stated that there was a need for financial literacy, particularly with respect to opening and maintaining basic checking accounts.

**Non-MSA AAs**

Demographic Information for Full Scope Area: HomeTrust Non-MSAs						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	42	4.76	9.52	76.19	9.52	0.00
Population by Geography	186,398	3.98	6.40	84.50	5.12	0.00
Owner-Occupied Housing by Geography	74,175	2.48	5.51	85.74	6.27	0.00
Business by Geography	28,995	0.00	13.94	77.37	8.69	0.00
Farms by Geography	1,144	0.00	7.69	81.38	10.93	0.00
Family Distribution by Income Level	51,107	21.20	17.28	23.34	38.17	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	19,668	3.48	6.01	84.52	5.98	0.00
Median Family Income		48,939	Median Housing Value			118,398
HUD Adjusted Median Family Income for 2011		50,200				
Households Below Poverty Level		17%	Unemployment Rate			12.07%

(\* ) 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 Oct. 2012 estimate

HomeTrust operates five branches in the three contiguous non-MSA counties of Cleveland, Polk, and Rutherford County in North Carolina According to 2000 Census data, there were no low-income census tracts. However, based upon 2010 census data, two census tracts are low-income.

The bank is ranked 3<sup>rd</sup> of 16 financial institutions for its market share of deposits and has a 12.70 percent deposit market share based upon the June 30, 2012 FDIC Summary of Deposit Market Share Report. The bank operates ATMs at four branch offices in the AA.

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

- The First National Bank of Shelby, ranked 1<sup>st</sup> in market share of deposits (23.12 percent) with 10 offices;
- Branch Bank and Trust Company, ranked 2<sup>nd</sup> in market share of deposits (18.90 percent) with 9 offices; and
- Wells Fargo, N.A., ranked 4<sup>th</sup> in market share of deposits (10.13 percent) with 4 offices.

HomeTrust's business strategy is to accept local deposits to fund the origination of mortgage loans secured primarily by first and second mortgage loans on one-to-four family residences including home equity loans and construction loans and land/lot loans, commercial real estate loans, development loans, and municipal leases. Municipal leases are secured by ground leases for firehouses or an equipment leases for fire trucks and firefighting equipment to fire department located throughout North and South Carolina. In addition, HomeTrust offers a wide range of deposit products for consumers and businesses.

Unemployment is high within Non-MSA AA. According to U.S. Bureau of Labor Statistics, the unemployment rate was 9.6 percent, which is higher than the State of North Carolina's unemployment rate at 9.2 percent. In particular, the individual unemployment rates in Cleveland County and Rutherford are higher at 11.4 percent and 14.6 percent, respectively. As a result of double-digit unemployment rates, all of the middle income census tracts in Cleveland (17 census tracks) and Rutherford County (10 census tracks) are classified as distressed. In Polk County, all five of the middle-income census tracts are classified as rural underserved census tracts.

The major employers in the Non-MSA AA include numerous local governments, hospitals, and school districts.

According to information from a community representative, for the last several years, Cleveland County has been classified as "Hardest Hit" county by the State of North Carolina because of the county's "double digit" unemployment rate. This community contact also indicated that there was a need for the banks to offer lower cost deposit accounts and some low-income individuals are concerned about the high cost of deposit account fees. In addition, the contact noted that credit issues and lack of financial management skills are the biggest obstacles for LMI individuals to purchase homes.

## Appendix C: Tables of Performance Data

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### 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** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- 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** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and

purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available. This table was 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. This table was not applicable.

**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: JANUARY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area (2011):	% 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)	
<b>Full Review:</b>												
Asheville AA	74.18	3,997	741,569	351	63,881	4	628	24	13,599	4,376	819,677	57.25
HomeTrust Non-MSAs	15.45	850	125,469	55	10,148	0	0	6	2,755	911	138,372	20.36
<b>Limited Review:</b>												
Davidson County AA	2.20	128	14,936	1	934	0	0	1	250	130	16,120	7.71
Gaston Co AA	1.05	58	7,351	1	84	0	0	3	847	62	8,282	5.37

\* Loan Data as of December 31, 2011. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from October 13, 2009 to January 07, 2013.

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

Table 2a. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: NORTH CAROLINA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011								
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Asheville AA	1,271	75.21	0.58	1.26	5.03	7.24	82.38	80.41	12.01	11.09	0.69	5.70	80.15	13.46
HomeTrust Non-MSAs	280	16.57	0.00	0.00	4.78	4.29	95.22	95.71	0.00	0.00	0.00	4.28	95.72	0.00
<b>Limited Review:</b>														
Davidson County AA	23	1.36	0.74	0.00	3.05	0.00	47.51	52.17	48.70	47.83	0.44	2.44	35.92	61.20
Gaston Co AA	8	0.47	0.64	0.00	33.11	50.00	59.07	50.00	7.18	0.00	0.07	25.86	65.22	8.85
Rockingham	108	6.39	0.00	0.00	31.39	27.78	68.61	72.22	0.00	0.00	0.00	23.11	76.89	0.00

\* Based on 2011 Peer Mortgage Data (USPR)

\*\* 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 units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3a. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: NORTH CAROLINA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total*	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Asheville AA	17	85.00	0.58	0.00	5.03	11.76	82.38	58.82	12.01	29.41	1.09	5.07	78.62	15.22
HomeTrust Non-MSAs	3	15.00	0.00	0.00	4.78	0.00	95.22	100.00	0.00	0.00	0.00	5.50	94.50	0.00
<b>Limited Review:</b>														
Davidson County AA	0	0.00	0.74	0.00	3.05	0.00	47.51	0.00	48.70	0.00	1.16	2.91	48.84	47.09
Gaston Co AA	0	0.00	0.64	0.00	33.11	0.00	59.07	0.00	7.18	0.00	0.00	33.75	59.38	6.88
Rockingham	0	0.00	0.00	0.00	31.39	0.00	68.61	0.00	0.00	0.00	0.00	29.33	70.67	0.00

\* Based on 2011 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4a. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: NORTH CAROLINA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Asheville AA	2,699	73.36	0.58	0.52	5.03	3.45	82.38	81.47	12.01	14.56	0.54	5.00	79.91	14.55
HomeTrust Non-MSAs	565	15.36	0.00	0.00	4.78	1.77	95.22	98.23	0.00	0.00	0.00	3.36	96.64	0.00
<b>Limited Review:</b>														
Davidson County AA	104	2.83	0.74	0.00	3.05	0.96	47.51	46.15	48.70	52.88	0.14	1.78	36.85	61.22
Gaston Co AA	50	1.36	0.64	0.00	33.11	46.00	59.07	44.00	7.18	10.00	0.08	20.70	64.68	14.53
Rockingham	261	7.09	0.00	0.00	31.39	23.75	68.61	76.25	0.00	0.00	0.00	25.86	74.14	0.00

\* Based on 2011 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5a. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: NORTH CAROLINA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Asheville AA	10	76.92	6.15	0.00	17.27	20.00	55.92	50.00	20.66	30.00	0.00	24.00	68.00	8.00
HomeTrust Non-MSAs	2	15.38	0.00	0.00	18.77	0.00	81.23	100.00	0.00	0.00	0.00	16.67	83.33	0.00
<b>Limited Review:</b>														
Davidson County AA	1	7.69	4.73	0.00	15.41	0.00	54.36	0.00	25.50	100.00	22.22	11.11	22.22	44.44
Gaston Co AA	0	0.00	1.92	0.00	29.25	0.00	66.14	0.00	2.69	0.00	14.29	28.57	57.14	0.00
Rockingham	0	0.00	0.00	0.00	52.66	0.00	47.34	0.00	0.00	0.00	0.00	50.00	50.00	0.00

\* Based on 2011 Peer Mortgage Data (USPR)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multi family housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6a. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: NORTH CAROLINA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income			
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Asheville AA	351	77.83	2.17	3.70	11.36	19.66	74.48	67.81	11.99	8.83	3.38	11.89	72.13	12.61
HomeTrust Non-MSAs	55	12.20	0.00	0.00	7.82	16.36	92.18	83.64	0.00	0.00	0.00	8.32	91.68	0.00
<b>Limited Review:</b>														
Davidson County AA	1	0.22	2.99	0.00	4.95	0.00	45.09	0.00	46.97	100.00	3.06	4.19	46.24	46.51
Gaston Co AA	1	0.22	0.58	0.00	35.36	100.00	56.80	0.00	7.26	0.00	0.28	36.18	54.17	9.37
Rockingham	43	9.53	0.00	0.00	30.54	37.21	69.46	62.79	0.00	0.00	0.00	32.73	67.27	0.00

\* Based on 2011 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2011).

Table 8a. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: NORTH CAROLINA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>1</sup>	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Asheville AA	1,271	75.21	17.66	6.34	19.12	21.50	23.74	24.05	39.48	48.11	7.83	23.66	23.85	44.65
HomeTrust Non-MSAs	280	16.57	19.23	8.66	18.30	22.38	23.06	21.66	39.41	47.29	10.03	22.55	25.70	41.71
<b>Limited Review:</b>														
Davidson County AA	23	1.36	15.56	8.70	16.20	8.70	21.49	8.70	46.76	73.91	7.67	24.71	24.26	43.36
Gaston Co AA	8	0.47	25.00	0.00	22.27	37.50	24.35	25.00	28.37	37.50	20.79	32.71	22.04	24.45
Rockingham	108	6.39	25.04	16.00	22.44	26.00	24.01	24.00	28.51	34.00	17.04	26.33	27.88	28.76

\* Based on 2011 Peer Mortgage Data (USPR)

\*\* 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 4.0% of loans originated and purchased by BANK.

<sup>1</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9a. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: NORTH CAROLINA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data <sup>*</sup>			
	#	% of Total <sup>*</sup>	% Families <sup>*</sup>	% BANK Loans <sup>****</sup>	% Families <sup>2</sup>	% BANK Loans <sup>****</sup>	% Families <sup>*</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Asheville AA	17	85.00	17.66	6.67	19.12	20.00	23.74	6.67	39.48	66.67	12.27	21.93	21.56	44.24
HomeTrust Non-MSAs	3	15.00	19.23	0.00	18.30	33.33	23.06	33.33	39.41	33.33	8.41	25.23	25.23	41.12
<b>Limited Review:</b>														
Davidson County AA	0	0.00	15.56	0.00	16.20	0.00	21.49	0.00	46.76	0.00	10.53	26.90	23.98	38.60
Gaston Co AA	0	0.00	25.00	0.00	22.27	0.00	24.35	0.00	28.37	0.00	25.00	31.87	22.50	20.63
Rockingham	0	0.00	25.04	0.00	22.44	0.00	24.01	0.00	28.51	0.00	19.12	25.00	20.59	35.29

<sup>\*</sup> Based on 2011 Peer Mortgage Data (USPR)

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

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 10.0% of loans originated and purchased by BANK.

<sup>2</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10a. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: NORTH CAROLINA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data <sup>*</sup>			
	#	% of Total <sup>*</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>3</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Asheville AA	2,699	73.36	17.66	4.12	19.12	17.61	23.74	24.21	39.48	54.06	6.94	19.05	23.47	50.55
HomeTrust Non-MSAs	565	15.36	19.23	4.15	18.30	13.54	23.06	20.40	39.41	61.91	5.46	16.27	21.67	56.60
<b>Limited Review:</b>														
Davidson County AA	104	2.83	15.56	1.96	16.20	18.63	21.49	30.39	46.76	49.02	3.67	15.11	23.67	57.55
Gaston Co AA	50	1.36	25.00	8.51	22.27	10.64	24.35	36.17	28.37	44.68	10.14	19.15	28.01	42.70
Rockingham	261	7.09	25.04	7.48	22.44	18.50	24.01	25.20	28.51	48.82	7.55	19.37	28.60	44.48

<sup>\*</sup> Based on 2011 Peer Mortgage Data (USPR)

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

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 2.7% of loans originated and purchased by BANK.

<sup>3</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 11a. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: NORTH CAROLINA			Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data *	
	#	% 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
<b>Full Review:</b>									
Asheville AA	351	77.83	64.37	79.49	49.57	29.63	20.80	6,074	3,139
HomeTrust Non-MSAs	55	12.20	66.95	85.45	58.18	18.18	23.64	1,875	893
<b>Limited Review:</b>									
Davidson County AA	1	0.22	70.38	0.00	0.00	0.00	100.00	1,860	947
Gaston Co AA	1	0.22	67.79	100.00	100.00	0.00	0.00	2,134	1,046
Rockingham	43	9.53	67.17	88.37	55.81	27.91	16.28	944	451

\* Based on 2011 Peer Small Business Data -- US and PR

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 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 0.44% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: NORTH CAROLINA				Evaluation Period: OCTOBER 9, 2009 TO JANUARY 7, 2013			
Assessment Area:	Prior Period Investments *		Current Period Investments		Total Investments			Unfunded Commitments **	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Asheville AA	0	0	83	1,528	83	1,528	26.93%	0	0
HomeTrust Non-MSAs	0	0	13	129	13	129	2.28%	0	0
Davidson County AA	0	0	6	3	6	3	0.05%	0	0
Gaston Co AA	0	0	3	294	3	294	5.17%	0	0
Rockingham	0	0	14	180	14	180	3.17%	0	0
Statewide			23	2,508	23	2,508	44.22%	0	0
Regional	1	534	2	497	3	1,031	18.17%	1	2,000

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: NORTH CAROLINA Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011																	
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
<b>Full Review:</b>																	
Asheville AA	57.25	8	40.00	12.50	12.50	37.50	37.50	0	0	0	0	0	0	1.81	15.13	64.17	18.88
HomeTrust Non-MSAs	20.36	5	25.00	20.00	0.00	60.00	20.00	0	0	0	0	0	0	3.98	6.40	84.50	5.12
<b>Limited Review:</b>																	
Davidson County AA	7.71	3	15.00	0.00	33.33	33.33	33.33	0	0	0	0	0	0	4.87	13.47	49.22	43.51
Gaston Co AA	5.37	1	5.00	0.00	0.00	100.00	0.00	0	0	0	0	0	0	10.52	39.10	39.89	10.49
Rockingham	9.31	3	15.00	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	25.68	69.39	4.93

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