

PUBLIC DISCLOSURE

September 15, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Gateway Bank and Trust Company
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**Federal Reserve Bank of Richmond
P. O. Box 27622
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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal financial supervisory agency concerning the safety and soundness of this financial institution.

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

INSTITUTION'S CRA RATING: This institution is rated: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered more than reasonable in relation to demand for credit in the combined assessment areas.
- A majority of the institution's Home Mortgage Disclosure Act (HMDA) and sampled small business loans were originated within the bank's assessment areas.
- The bank's borrower distribution is considered poor for HMDA loans in the Raleigh, NC MSA assessment area but reasonable in all other markets. The small business loan borrower distribution is at least reasonable in each market. Overall, the borrower distribution performance is considered reasonable.
- While the bank's geographic distribution performance varies from poor (Virginia Beach MA) to excellent (Raleigh, NC MSA), the performance is reasonable in the remaining assessment areas and is considered reasonable overall.
- An adequate level of participation in community development activities was noted in each assessment area but for the Richmond, VA MSA, where the performance was considered poor. Overall, the bank demonstrates adequate responsiveness to the community development needs of its assessment areas when considering the bank's capacity and available viable opportunities.
- The bank has not received any complaints regarding its CRA performance since the previous evaluation.

DESCRIPTION OF INSTITUTION

Gateway Bank and Trust Company (GBTC), which is headquartered in Elizabeth City, North Carolina, operates a total of 37 full-service offices in North Carolina and Virginia. The bank is a subsidiary of Gateway Financial Holdings, a single bank holding company, located in Virginia Beach, Virginia.

The bank owns and operates a mortgage subsidiary, Gateway Bank Mortgage, Incorporated (GBMI), also headquartered in Elizabeth City, North Carolina. GBMI has offices in Edenton, Elizabeth City, Hatteras, Kitty Hawk, Raleigh, Wake Forest, and Wilmington, North Carolina, as well as, Charlottesville, Norfolk, Richmond, and Virginia Beach, Virginia. GBMI opened on June 6, 2006, and offers a full range of mortgage loans including conforming conventional and adjustable rate mortgage loans. During 2008, GBMI received approval from HUD to originate FHA loans. Absent HUD's approval, the mortgage company could not offer or extend FHA loans during 2006 or 2007.

As of June 30, 2008, GBTC had \$2.1 billion in assets, of which 81.8% were loans and 6.4% were securities. The loan portfolio was comprised of 63.1% commercial real estate and farm secured, 17.9% one- to four-family residential real estate secured, 17.9% commercial and agricultural, and 1.1% consumer. The institution's previous CRA rating, dated September 20, 2004, was Satisfactory.

The bank has branches through out North Carolina and the Commonwealth of Virginia. Based on the geographic location of these branches, the bank has delineated ten assessment areas, which are detailed in the table below.

Virginia Beach-Norfolk-Newport News, VA-NC Multistate MSA Assessment Areas		
Assessment Area Name	County/City	Census Tracts Included
Virginia Beach Metropolitan Area (MA)	Chesapeake, VA	0200.01 - 0211.02
	Norfolk, VA	All
	Virginia Beach, VA	All
	Currituck, NC	All
Suffolk MA *	Suffolk, VA	0651.00 - 0653.00 0751.00 - 0755.00

North Carolina Assessment Areas		
Assessment Area Name	County/City	Census Tracts Included
Elizabeth City	Camden	All
	Chowan	All
	Pasquotank	All
	Perquimans	All
	Washington	All
Raleigh-Cary, NC MSA *	Wake	All
Dare County	Dare	All
Durham, NC MSA *	Durham	All
Wilmington, NC MSA *	New Hanover	All

Virginia Assessment Areas		
Assessment Area Name	County/City	Census Tracts Included
Richmond, VA MSA *	Chesterfield	All
	Henrico	All
	Richmond	All
Emporia *	Greensville	All
	Emporia	All
Charlottesville, VA MSA *	Albemarle	All
	Charlottesville	All

* New assessment areas since the previous evaluation

Since the previous evaluation, 17 new branch offices have been opened, three branches have been purchased from Provident Bank of Maryland, and six branches were acquired when GBTC merged with The Bank of Richmond, NA. The location of each new branch and date the branches opened are detailed below.

<u>New Branches Opened</u>	<u>Date</u>	<u>Purchased Branches</u>	<u>Date</u>
Virginia Beach MA	December 2004	Elizabeth City	October 2004
Virginia Beach MA	March 2004	Emporia	October 2004
Virginia Beach MA	May 2005	Suffolk MA	October 2004
Raleigh-Cary, NC MSA	January 2006		
Virginia Beach MA	February 2006		
Virginia Beach MA	March 2006	<u>Acquired Branches</u>	<u>Date</u>
Dare County	April 2006	six branches acquired	June 2007
Elizabeth City	July 2006	Richmond, VA MSA	
Virginia Beach MA	August 2006		
Virginia Beach MA	August 2006		
Raleigh-Cary, NC MSA	June 2007		
Wilmington, NC MSA	November 2007		
Raleigh-Cary, NC MSA	December 2007		
Emporia	February 2008		
Durham, NC MSA	March 2008		
Charlottesville, VA MSA	April 2008		
Raleigh-Cary, NC MSA	July 2008		

The bank's branching activities necessitated the addition of the Suffolk MA; Raleigh-Cary, NC MSA; Durham, NC MSA; Wilmington, NC MSA; Richmond, VA MSA; Emporia; and Charlottesville, VA MSA assessment areas.

Because the bank only recently branched into the Wilmington, NC MSA (November 2007); Durham, NC MSA (March 2008); and Charlottesville, VA MSA (April 2008) assessment areas, activities in these areas are generally excluded from this evaluation since the majority of lending data considered in this evaluation is from calendar years 2006 and 2007.

SCOPE OF EXAMINATION

GBTC and its mortgage company are required to report certain information regarding their home mortgage lending in accordance with the HMDA. Accordingly, GBTC's 2006 and 2007 HMDA loan originations were considered in the evaluation, as were the 2007 HMDA originations of GBMI. GBMI was not subject to data reporting during 2006. Additionally, based on the institution's recent historical loan volume, small business loans were identified as a primary credit product and were also considered in the evaluation. The analysis includes a sample of 200 small business loans selected from a universe of 846 such loans totaling \$172.6 million extended during 2007.

The review of the bank's community development activities is based on the number and dollar amount of community development loans and qualified investments, the extent to which the bank provides community development services, and its responsiveness to identified community development lending, investment, and service needs. Qualified community development loans and services were considered from September 20, 2004, through September 15, 2008. All qualified investments outstanding as of the examination date were also considered regardless of when made.

The bank has delineated ten assessment areas; however, the evaluation focuses on activities in seven of the assessment areas. As previously discussed, three of the markets are generally not evaluated because the bank only recently entered them. An overall institution rating and ratings for the lending test and community development test are assigned to the multistate metropolitan statistical area, the State of North Carolina, and the Commonwealth of Virginia.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

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

During 2007, the bank and its mortgage company originated 1,309 residential mortgage (HMDA) loans totaling \$360.5 million. Of these loans, 742 totaling \$215 million were originated within the bank's assessment areas. The 2008 HMDA data is not yet available. During the same time period, the bank originated 846 small business loans totaling \$172.6 million, and, based on the sampling statistics, it is estimated that 714 loans totaling \$144.3 million were originated to borrowers of the bank's assessment areas. Consequently, when considering the institution's overall rating, slightly more weight was placed on the HMDA performance because of the larger volume of such lending.

An analysis of lending during the review period is discussed in greater detail in subsequent sections of this evaluation. While loan data from calendar years 2006 and 2007 were fully analyzed and considered in the evaluation, unless otherwise noted, bank and aggregate data from 2007 is presented in the assessment area analyses. If the performance during 2006 is not similar to the performance described for the 2007 data, then pertinent information regarding the performance during 2006 is provided.

Overall, the bank's lending test performance is rated Satisfactory. This rating considers the bank's loan-to-deposit ratio, level of lending in its assessment areas, borrower distribution performance, and geographic distribution performance. Each of these components is discussed in the following sections.

Lending Activity:

The following table depicts GBTC's reported HMDA loan data (originations and purchased loans) regardless of location since January 1, 2006, through December 31, 2007. Mortgage loans originated/purchased by GBMI within the bank's assessment areas during calendar year 2007 is also included, as well as a sample of 200 small business loans regardless of location that were originated during 2007.

Loan Type	Number of Loans	\$ (000's)
Home Purchase	401	\$100,447
Refinancing	451	\$158,470
Home Improvement	85	\$4,077
Multifamily	15	\$13,516
Total HMDA-related	952	\$276,510
Sampled small business	200	\$44,119
TOTAL LOANS	1,152	\$320,629

Note: Affiliate lending includes only loans originated or purchased within the bank's assessment areas.

Loan-To-Deposit Ratio

Various loan products are available through the institution including commercial, residential mortgage, and consumer loans. As of June 30, 2008, the bank's loan-to-deposit ratio equaled 107.1% and averaged 102.3% for the 16-quarter period ending June 30, 2008. During the same period, the average quarterly loan-to-deposit ratios for all banks headquartered in nonmetropolitan areas of North Carolina and of similar asset size to GBTC ranged from 87.3% to 96.6%. Since September 30, 2004, bank assets, loans, and deposits have increased by 415.2%, 429.1%, and 442.4%, respectively. Strictly within the context of the CRA, the bank's loan-to-deposit ratio is considered more than reasonable given the institution's size, financial condition, and local credit needs.

Lending In Assessment Area

To evaluate the institution's lending performance within its assessment areas, all HMDA loans that were originated and/or purchased by the bank during 2006 and 2007 (391 loans) and a sample of 200 small business loans from 2007 were reviewed. The lending distribution is represented in the following table for the assessment areas.

Comparison of Credit Extended Inside and Outside of Assessment Areas

Loan Type	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Improvement	78	91.8%	\$3,771	92.5%	7	8.2%	\$306	7.5%
Home Purchase	97	66.4%	\$21,898	57.7%	49	33.6%	\$16,024	42.3%
Multifamily	8	72.7%	\$7,273	57.5%	3	27.3%	\$5,378	42.5%
Refinancing	122	81.9%	\$43,076	74%	27	18.1%	\$15,105	26%
Total HMDA related	305	78%	\$76,018	67.4%	86	22%	\$36,813	32.6%
Sampled Small Business	169	84.5%	\$25,096	83.6%	31	15.5%	\$4,907	16.4%

Note: Affiliate lending is excluded

As indicated in the preceding chart, a majority of both the number and dollar amount of sampled small business loans and HMDA loans were provided to borrowers within the bank's assessment areas.

Lending To Borrowers of Different Incomes and To Businesses of Different Sizes

When evaluating the bank's performance, consideration is generally given to the bank's level of lending in conjunction with relevant demographic data from the 2000 census, aggregate data from calendar year 2007 and recent Dun & Bradstreet (D&B) business demographic data.

The bank is not a HUD approved FHA lender and cannot offer or extend FHA loans. As previously discussed, the bank's mortgage subsidiary, GBMI, has only recently received approval from HUD to extend FHA loans. Many FHA loan programs are structured in ways that may encourage their use by lower income borrowers. Because neither the bank nor GBMI were able to offer FHA loans during 2006 or 2007, data from a peer group of large local lenders was also considered to better gauge the bank's performance. The peer group's lending includes only conventional loans from the ten largest local lenders, excluding credit unions and lenders that reported having purchased more loans than they originated.

The bank's small business loan distribution performance is at least reasonable in each assessment area. The HMDA loan distribution performance is poor in the Raleigh, NC MSA assessment area, marginally reasonable in the Virginia Beach MA assessment area, and reasonable in the remaining markets. The overall performance is considered reasonable.

Geographic Distribution of Loans

The bank's geographic distribution performance varies from poor in the Virginia Beach MA assessment area to excellent in the Raleigh, NC MSA assessment area and is reasonable in the remaining assessment areas. Overall, the geographic distribution performance is considered reasonable.

Community Development Loans, Investments, and Services

Currently, GBTC holds approximately \$2.8 million (current book value) in qualified investments. As of June 30, 2008, the bank had \$2.1 billion in total assets, of which \$135.2 million (6.4%) were securities. The qualified investments include the following:

- CapitalSouth Partners Fund III (\$1 million) - CapitalSouth Partners operates a licensed small business investment company (SBIC) that utilizes the proceeds of the funds. SBICs are privately owned investment firms that are licensed by the Small Business Administration and provide venture capital to small businesses in the form of equity investments and subordinate debt. CapitalSouth operates within a multistate region that includes both North Carolina and Virginia.
- Plexus Fund I (\$500,000) - The fund operates a SBIC within the Mid-Atlantic region, which includes North Carolina and Virginia.
- Triangle Mezzanine Fund (\$272,218) - The fund operates a SBIC within a multistate region that includes both North Carolina and Virginia.
- Structured Mortgage-Backed Security (\$1 million) - This bond is comprised of mortgages made to low- and moderate-income borrowers in the Virginia Beach MA.

The institution originated eight community development loans (\$11.4 million) since the previous evaluation that benefited the bank's Virginia Beach MA, Elizabeth City, Suffolk MA, and Wilmington, NC MSA assessment areas. Details of these loans are included within the specific assessment area and state discussions.

In addition to community development lending activity, bank employees engaged in a number of qualified community development services since the previous evaluation. The services benefit portions of both the Virginia and North Carolina markets. Services provided are discussed within the applicable markets.

The bank's overall performance under the community development test is rated satisfactory.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

MULTISTATE METROPOLITAN STATISTICAL AREA

CRA RATING FOR VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC MSA: Needs to Improve

The Lending Test is rated: Needs to Improve

The Community Development Test is rated: Satisfactory

Major factors supporting the rating include:

- Within the Virginia Beach MA, the bank's borrower distribution performance is reasonable, in large part, because of the strength of the bank's small business performance. Within the Suffolk MA, the borrower distribution performance is also reasonable but is based on the strength of the HMDA performance.
- The bank's geographic distribution performance is poor for both HMDA and small business lending in the Virginia Beach MA. Performance in the Suffolk MA is reasonable because of the strength of the HMDA loan performance. Overall, performance in the multistate MSA, which includes both the Virginia Beach MA and Suffolk MA assessment areas, is considered poor because the performance in the Virginia Beach MA assessment area is weighted more heavily due to its larger relative size.
- While the bank's borrower distribution performance is considered reasonable in the multistate MSA's assessment areas, the geographic distribution performance is considered poor. When considering the combined performance, the poor geographic distribution performance was more pronounced than the borrower distribution performance, which although considered reasonable was relatively weak for HMDA lending. The combined distribution performance is considered poor and is a primary factor in the Lending Test being rated Needs to Improve for the multistate MSA.
- The bank has adequately supported community development activities within the multistate MSA by making qualified investments and loans and participating in qualified community development services within the multistate MSA assessment areas.
- According to the rating guidelines for Regulation BB, which implements the Community Reinvestment Act, a rating of at least satisfactory is applicable if both the Lending and Community Development Tests are rated satisfactory. Because the bank's Lending Test performance is less than satisfactory, the bank's overall rating specific to the multistate MSA is Needs to Improve.

SCOPE OF EXAMINATION

GBTC serves two assessment areas within the Virginia Beach-Norfolk-Newport News, VA-NC MSA. The first assessment area includes the cities of Chesapeake, Norfolk, and Virginia Beach, Virginia, and the county of Currituck, North Carolina. The second assessment area within the multistate MSA, which is not contiguous to the Virginia Beach MA, includes a portion of Suffolk, Virginia. Because of their relative size, measured by volume of lending, branch locations, and volume of deposits, the Virginia Beach MA assessment area was subject to a full-scope review. The Suffolk MA assessment area, which is much smaller, was subject to a limited-scope review.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MULTISTATE MSA

The institution operates 13 branches throughout the multistate metropolitan assessment area, of which seven are located in middle-income census tracts and six are in upper-income tracts. Based on the 2000 census data, the institution's multistate MSA markets have a total population of 852,950. The 2007 median family income for the Virginia Beach-Norfolk-Newport News, VA-NC MSA equals \$64,100.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

Lending To Borrowers of Different Incomes and To Businesses of Different Sizes

Overall, the bank's borrower distribution performance is considered reasonable for HMDA and small business loans within the Virginia Beach MA and Suffolk MA Assessment Areas.

Geographic Distribution of Loans

The bank's geographic distribution performance is poor for both HMDA and small business lending in the Virginia Beach MA Assessment Area and reasonable in the Suffolk MA Assessment Area. The overall geographic distribution performance for the multistate MSA is poor.

Community Development Loans, Investments, and Services

The bank has participated in community development activities that benefit both specific assessment areas and larger regional or statewide areas. Activities that benefit a single assessment area are discussed within the analysis of those specific assessment areas. The following activities either benefit a regional or statewide area.

- The bank invested a total of \$1.8 million in the CapitalSouth Partners Fund, Triangle Mezzanine Fund, and Plexus Fund. These three funds support the activities of three separate SBICs, whose activities promote business development and job creation/retention. Each SBIC includes North Carolina in the geographic scope of their operations.
- The bank originated three loans totaling \$7.8 million to three separate entities that provide affordable housing and other community services to area low- and moderate-income residents.
- The bank purchased a \$1 million structured mortgage-backed security that facilitated affordable housing for area low- and moderate-income residents of the assessment area.

Overall, the bank has an adequate level of responsiveness to local community development needs through its lending, qualified investments, and support of area organizations that facilitate community development.

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN VIRGINIA BEACH MA ASSESSMENT AREA:

According to the 2000 census data, this market has a population of 811,481 and a median housing value of \$112,886. The owner-occupancy rate for the market equals 57.1%, which is lower than the rates for North Carolina (61.6%), Virginia (63.3%), and the Virginia Beach-Norfolk-Newport News, VA-NC MSA (58.8%) as a whole. The percentage of families living below the poverty level in the assessment area equals 8.1%. This level of poverty is lower than the rates for North Carolina (9%) and the MSA (8.4%), but higher than the rate for Virginia (7%). Additional pertinent demographic data is provided in the following table:

Virginia Beach MA ASSESSMENT AREA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	15	7.4	9,167	4.5	3,775	41.2	37,946	18.4
Moderate	57	28.1	45,408	22.1	6,608	14.6	38,592	18.8
Middle	69	34.0	77,459	37.7	4,642	6.0	47,358	23.0
Upper	61	30.0	73,660	35.8	1,610	2.2	81,798	39.8
NA	1	0.5	0	0.0	0	0.0	0	0.0
Total	203	100.0	205,694	100.0	16,635	8.1	205,694	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner Occupied		Rental		Vacant		
	#	%	%	#	%	#	%	
Low	16,030	3,172	1.8	19.8	11,031	68.8	1,827	11.4
Moderate	79,603	28,439	15.7	35.7	44,834	56.3	6,330	8.0
Middle	113,554	71,593	39.6	63.0	36,594	32.2	5,367	4.7
Upper	107,654	77,590	42.9	72.1	21,878	20.3	8,186	7.6
NA	2	0	0.0	0.0	0	0.0	2	100.0
Total	316,843	180,794	100.0	57.1	114,337	36.1	21,712	6.9
	Total Businesses by Tract	Businesses by Tract and Revenue Size						
		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported		
	#	%	#	%	#	%	#	%
Low	789	3.0	682	2.9	83	3.1	24	4.0
Moderate	5,781	21.7	4,934	21.1	713	26.7	134	22.5
Middle	9,542	35.8	8,377	35.9	982	36.8	183	30.7
Upper	10,410	39.1	9,310	39.9	845	31.6	255	42.8
NA	99	0.4	51	0.2	48	1.8	0	0.0
Total	26,621	100.0	23,354	100.0	2,671	100.0	596	100.0
Percentage of Total Businesses				87.7		10.0		2.2
	Total Farms by Tract	Farms by Tract and Revenue Size						
		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported		
	#	%	#	%	#	%	#	%
Low	3	1.7	3	1.8	0	0.0	0	0.0
Moderate	13	7.3	12	7.2	1	8.3	0	0.0
Middle	60	33.7	55	33.1	5	41.7	0	0.0
Upper	102	57.3	96	57.8	6	50.0	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	178	100.0	166	100.0	12	100.0	0	0.0
Percentage of Total Farms				93.3		6.7		0.0

NA Tracts are tracts without household or family income.

The local economy is diverse and dependent on government, ship building, healthcare industries, and the military. Major employers in the area include Northrop Grumman, Sentara Healthcare, and the area public school systems. As of September 2008, the unemployment rates for the cities of Virginia Beach, Norfolk, and Chesapeake, Virginia, and the county of Currituck, North Carolina, were 3.8%, 5.6%, 4.1%, and 3.6%, respectively. In comparison, the rates for Virginia and North Carolina were 4.2% and 6.6%, respectively.

Since the mortgage company commenced operations in June 2006, two mortgage originators were employed to serve this market. During 2008, the mortgage company hired additional originators in hopes of increasing volume and more fully covering the market area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

The bank and its mortgage company extended \$66.5 million of residential mortgage (HMDA) loans within the assessment area during 2007. Based on the universe and sample of small business loan data, it is estimated that the bank extended \$49.6 million of small business loans within this assessment area during the same time period.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

While the bank's borrower distribution performance is considered marginally reasonable for HMDA lending, their small business loan performance is considered reasonable. Overall, the bank's performance is considered reasonable.

Distribution of HMDA Loans by Income Level of Borrower

The bank reported a total of 198 HMDA loans for this assessment area during 2007. Income data was not reported for 17 of these transactions, and they are excluded from the following table.

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	5	19	38	119	181
Percentage of Total Loans	2.8%	10.5%	21%	65.7%	100%
Total Amount of Loans (000's)	\$431	\$4,701	\$7,300	\$47,869	\$60,301
Percentage of Total Amount	0.7%	7.8%	12.1%	79.4%	100%

The institution's HMDA lending to low-income borrowers (2.8%) lags both the proportion of low-income families (18.4%) and the 2007 aggregate lending level (5.4%). Similarly, lending to moderate-income borrowers (10.5%) lags the proportion of moderate-income families within the assessment area (18.8%) and the 2007 aggregate (21.3%). Because neither the bank nor its mortgage company could extend FHA loans during 2007 and FHA loans may be utilized by low- and moderate-income borrowers, data including only conventional mortgage loans from a peer group of local lenders was also considered. According to the peer group data, 3.3% and 17.8% of conventional HMDA loans were to low- and moderate-income borrowers, respectively. When considering the peer group data, the bank's low-income borrower performance is reasonable, while their moderate-income borrower performance is poor. The bank's level of lending to low- and moderate-income borrowers on a combined basis is marginally reasonable.

During 2006, the bank's performance was better but was based on a much smaller volume of lending. In instances where borrower income was known, two loans (7.7%) totaling \$115,000 were extended to low-income borrowers, and four loans (15.4%) totaling \$223,000 were extended to moderate-income borrowers. According to 2006 aggregate data, 4.4% and 19.3% of all HMDA loans were extended to low- and moderate-income borrowers, respectively. The bank's performance during 2006 is considered reasonable.

The bank's overall performance during 2006 and 2007 is considered marginally reasonable. In reaching this conclusion, more weight was placed on the bank's performance during 2007 because of the larger volume of lending by the bank and its mortgage company during that calendar year.

Distribution of Small Business Loans by Size of Business

	Revenues ≤ \$ 1 Million	Revenues > \$ 1 Million	Total
Total Number of Loans	40	14	54
Percentage of Total Loans	74.1%	25.9%	100%
Total Amount of Loans (000's)	\$6,027	\$2,606	\$8,633
Percentage of Total Amount	69.8%	30.2%	100%

Of the small business loans extended within the assessment area, 74.1% were made to businesses with revenues of \$1 million or less. Based on recent D&B data, 87.7% of businesses within the assessment area have annual revenues of \$1 million or less. Aggregate small business data indicate that 36.7% of reported small business loans in 2007 were to businesses having revenues of \$1 million or less. The remaining portion of businesses had revenues exceeding \$1 million or revenue data was not available. The bank's level of lending is considered reasonable.

GEOGRAPHIC DISTRIBUTION OF LOANS

The bank's overall geographic distribution performance is considered poor.

Distribution of HMDA Loans in Assessment Area by Income Level of Geography

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	2	9	78	109	198
Percentage of Total Loans	1%	4.5%	39.4%	55.1%	100%
Total Amount of Loans (000's)	\$809	\$1,121	\$18,523	\$46,091	\$66,544
Percentage of Total Amount	1.2%	1.7%	27.8%	69.3%	100%

Within the assessment area, 1.8% and 15.7% of all owner-occupied housing units are located in low- and moderate-income tracts, respectively. According to aggregate data, 2.5% of loans were extended within low-income tracts and 17.9% of loans were extended within moderate-income tracts. Because neither the bank nor its mortgage company were approved FHA lenders during 2007, the distribution of conventional loans originated by a peer group of local lenders was also considered. According to the peer group data, 3% and 14.3% of loans were extended to residents of low- and moderate-income census tracts. While the bank's lending in low-income census tracts (1%) is analogous to the demographic and aggregate proxies, the bank's lending level in moderate-income census tracts (4.5%) substantially lags the proxies and is considered poor.

During 2006, the bank did not extend any HMDA loans in low-income census tracts but extended four loans (13.3%) totaling \$290,000 in moderate-income census tracts. According to aggregate data, 2.7% and 18.5% of reported loans were to residents of low- and moderate-income census tracts, respectively. The bank's performance during 2006 is considered reasonable.

Although the bank's performance during 2006 is considered reasonable, it is based on a much smaller volume of lending than the 2007 performance, which is considered poor. The bank's overall performance is considered poor.

Distribution of Small Business Loans by Income Level of Geography

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	1	5	26	22	54
Percentage of Total Loans	1.9%	9.3%	48.1%	40.7%	100%
Total Amount of Loans (000's)	\$500	\$1,962	\$2,648	\$3,524	\$8,633
Percentage of Total Amount	5.8%	22.7%	30.7%	40.8%	100%

The bank's lending to businesses located in low-income census tracts (1.9%) is analogous to the percentage of businesses located in such areas (3%) and the aggregate lending level (2.6%). However, the bank's level of lending to businesses located in moderate-income areas (9.3%) is substantially lower than the percentage of businesses located in such areas (21.7%) and the aggregate lending level (18.4%). The bank's level of lending to small businesses located in low- and moderate-income areas is considered poor.

COMMUNITY DEVELOPMENT LOANS, INVESTMENTS, AND SERVICES

During the evaluation period, the bank originated three loans totaling \$7.8 million to three separate entities that provide affordable housing and other community services to area low- and moderate-income residents.

Also during the evaluation period, the bank purchased a \$1 million structured mortgage-backed security that facilitated affordable housing for area low- and moderate-income residents of the assessment area. Donations totaling \$2,750 were also made to charitable organizations that provide community development services within the assessment area.

Employees of GBTC participate in the following community development activities within this market:

- A bank employee taught a personal finance class in conjunction with a local church. Residents of a low-income census tract that is also located in an empowerment zone were the target audience of the class.
- A bank employee serves as board member for the Financial Planning Association of Hampton Roads and works on a program that offers financial advice and services to low-income people.

As previously noted, the bank has made equity investments totaling \$1.8 million in the CapitalSouth Partners Fund, Triangle Mezzanine Fund, and Plexus Fund. These funds support the activities of three separate SBICs, whose activities promote business development and job creation/retention. Each SBIC includes the Virginia Beach MA assessment area within the geographic scope of their operations.

Overall, the bank has an adequate level of responsiveness to local community development needs through its lending, qualified investments, and support of area organizations that facilitate community development.

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SUFFOLK MA ASSESSMENT AREA

The Suffolk MA assessment area was reviewed using the limited review examination procedures. This assessment area contains one branch office and is also part of the Virginia Beach-Norfolk-Newport News, VA-NC MSA but is not contiguous with the bank's other assessment area located in the multistate MSA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE SUFFOLK MA ASSESSMENT AREA

Within the Suffolk MA, the bank's performance is considered reasonable for the Lending and Community Development Tests. Facts and data reviewed, including performance and demographic information, are included in the following charts.

Summary of Demographic and Aggregate Data			% Low-Income	% Moderate-Income
Families by Geography			N/A	12.2%
Families < Poverty Level as % of Families by Geography			N/A	25.3%
Owner-Occupied Housing Units by Geography			N/A	7.6%
Area Families by Income Level			18.1%	16.5%
Aggregate HMDA Loans by Geography			N/A	6.7%
Aggregate HMDA Loans by Borrower Income			3.6%	13.6%
Area Businesses by Geography			N/A	16.9%
Aggregate Small Business Loans by Geography			N/A	9%
Area Businesses with Revenues ≤ \$1 million		90.2%		
Aggregate Small Business Loans with Revenues < \$1 million		40.7%		

There are no low-income census tracts within this assessment area.

Performance Test Data for the Suffolk MA Assessment Area

LENDING TEST

Loan Originations/Purchases								
	In Moderate-Income Areas		To Low-Income Borrowers		To Moderate-Income Borrowers		To Businesses with Revenues < \$1 Million	
	#	%	#	%	#	%	#	%
HMDA	5	29.4%	1	7.7%	2	15.4%		
Small Business	0	0%					0	0%

COMMUNITY DEVELOPMENT LOANS, INVESTMENTS, AND SERVICES

During the evaluation period, the bank originated one loan totaling \$98,000 to an organization that provides affordable housing to low- and moderate-income people.

Banking services offered in this assessment area are similar to the services available to other communities the bank serves.

STATE OF NORTH CAROLINA

CRA RATING FOR NORTH CAROLINA: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

Major factors supporting the rating include:

- While the bank's borrower distribution performance varies somewhat by product and market, the performance is reasonable overall.
- The bank's geographic distribution performance is at least reasonable in each North Carolina assessment area. Overall, the geographic distribution performance is reasonable.
- The bank has adequately supported community development activities within North Carolina by making qualified investments and loans and participating in qualified community development services within the North Carolina assessment areas.

SCOPE OF EXAMINATION

GBTC serves five assessment areas within North Carolina. Based on their relative size, measured by volume of lending, branch locations, and volume of deposits, the Elizabeth City and Raleigh, NC MSA assessment areas were subject to full-scope reviews. The Dare County assessment area, which is much smaller, was subject to a limited-scope review. Detailed analyses of the Durham, NC MSA and Wilmington, NC MSA assessment areas are not included because the bank has only recently entered those markets.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NORTH CAROLINA

The institution operates 15 branches throughout the State of North Carolina (excluding the multistate assessment area branch), of which two are located in low-income areas. Based on the 2000 census data, the institution's North Carolina markets have a total population of 739,212. The 2007 median family income for nonmetropolitan areas of North Carolina and the Raleigh-Cary, NC MSA equal \$45,700 and \$69,800, respectively.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

Lending To Borrowers of Different Incomes and To Businesses of Different Sizes

While the bank's borrower distribution performance for HMDA lending in the Raleigh, NC MSA is poor, the performance is reasonable for all other products in each market. The combined performance for all products in each market is reasonable.

Geographic Distribution of Loans

The bank's geographic distribution performance is reasonable in the Elizabeth City assessment area and excellent in the Raleigh, NC MSA assessment area. The overall geographic distribution performance is reasonable.

Community Development Loans, Investments, and Services

The bank has participated in community development activities that benefit both specific assessment areas and larger regional or statewide areas. Activities that benefit a single assessment area are discussed within the analysis of those specific assessment areas. The following activities either benefit a regional or statewide area or benefit a new assessment area (Wilmington, NC MSA) that is not discussed in detail in this report.

- During the evaluation period, the bank has invested a total of \$1.8 million in the CapitalSouth Partners Fund, Triangle Mezzanine Fund, and Plexus Fund. These three funds support the activities of three separate SBICs, whose activities promote business development and job creation/retention. Each SBIC includes North Carolina in the geographic scope of their operations.
- During the evaluation period, the bank originated three loans totaling \$3.4 million to two separate entities that provide affordable housing, jobs, and medical care to low- and moderate-income residents of Wilmington, North Carolina.
- Donations totaling \$7,000 were also made to charitable organizations that provide community development services that benefit a regional or statewide area.

Overall, the bank has an adequate level of responsiveness to local community development needs through its lending, qualified investments, and support of area organizations that facilitate community development.

NONMETROPOLITAN STATEWIDE AREA

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE ELIZABETH CITY ASSESSMENT AREA:

According to the 2000 census data, this market has a population of 81,399 and a median housing value of \$75,357. The owner-occupancy rate for the market equals 62.2%, which is lower than the rate for the nonmetropolitan areas of North Carolina (62.7%). The percentage of families living below the poverty level in the assessment area is 14.6%. This level is higher than the rate for nonmetropolitan areas of North Carolina (11.3%). The 2007 median family income for the nonmetropolitan areas of North Carolina equals \$45,700. The following table provides pertinent demographic data:

Elizabeth City, NC NonMetro ASSESSMENT AREA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	6.7	694	3.1	315	45.4	5,632	25.1
Moderate	2	13.3	1,567	7.0	384	24.5	4,017	17.9
Middle	12	80.0	20,190	89.9	2,587	12.8	4,836	21.5
Upper	0	0.0	0	0.0	0	0.0	7,966	35.5
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	15	100.0	22,451	100.0	3,286	14.6	22,451	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner Occupied		Rental		Vacant		
		#	%	#	%	#	%	
Low	1,274	232	1.0	18.2	885	69.5	157	12.3
Moderate	3,036	1,196	5.4	39.4	1,429	47.1	411	13.5
Middle	31,612	20,909	93.6	66.1	6,510	20.6	4,193	13.3
Upper	0	0	0.0	0.0	0	0.0	0	0.0
NA	0	0	0.0	0.0	0	0.0	0	0.0
Total	35,922	22,337	100.0	62.2	8,824	24.6	4,761	13.3
	Total Businesses by Tract	Businesses by Tract and Revenue Size						
		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported		
		#	%	#	%	#	%	
Low	117	3.9	106	3.9	9	4.4	2	2.2
Moderate	505	16.9	452	16.8	35	17.1	18	20.2
Middle	2,368	79.2	2,138	79.3	161	78.5	69	77.5
Upper	0	0.0	0	0.0	0	0.0	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	2,990	100.0	2,696	100.0	205	100.0	89	100.0
Percentage of Total Businesses:				90.2		6.9		3.0
	Total Farms by Tract	Farms by Tract and Revenue Size						
		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	310	100.0	302	100.0	8	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	310	100.0	302	100.0	8	100.0	0	0.0
Percentage of Total Farms:				97.4		2.6		0.0

NA Tracts are tracts without household or family income.

The assessment area is located in northeastern North Carolina, just south of the Virginia border. Employment opportunities within the Elizabeth City assessment area include service, retail, and agricultural industries. The major employers within the individual counties are hospitals and local governments. As of September 2008, the unemployment rates for the counties of Camden, Chowan, Pasquotank, Perquimans, and Washington, North Carolina, were 5.4%, 8.5%, 6.4%, 6.7%, and 7.2%, respectively. In comparison, the rate for North Carolina was 6.6% during the same time period.

During the evaluation, a local economic development official was contacted to assist in evaluating the bank's CRA performance. The contact indicated that local financial institutions are adequately serving the credit needs of the community. The contact did indicate that additional funding for businesses, both large and small, could aid in area economic growth.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ELIZABETH CITY ASSESSMENT AREA:

During 2007, the bank and its mortgage company extended \$41.1 million of HMDA loans within the assessment area. Based on the universe and sample of small business loan data, it is estimated that the bank extended \$36.8 million of small business loans within this assessment area during the same time period.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The bank's lending to borrowers of different incomes and businesses of varying revenue levels in the Elizabeth City assessment area is reflected in the following tables. Overall, the bank's lending distribution is considered reasonable when using demographic and aggregate data as proxies for demand.

Distribution of HMDA Loans by Income Level of Borrower

A total of 227 HMDA loans were extended within this assessment area during 2007; however, 29 loans did not have information pertaining to borrower income and are not included in the following table.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	5	26	37	130	198
Percentage of Total Loans	2.5%	13.1%	18.7%	65.7%	100%
Total Amount of Loans (000's)	\$317	\$2,490	\$4,488	\$26,764	\$34,059
Percentage of Total Amount	0.9%	7.3%	13.2%	78.6%	100%

The percentage of HMDA loans to low-income borrowers (2.5%) is lower than the percentage of low-income families in the area (25.1%); however, it is identical to the aggregate lending level (2.5%). Lending to moderate-income borrowers (13.1%) is also lower than the percentage of moderate-income families in the market (17.9%) but exceeds the aggregate percentage (12.1%). The bank's performance is considered reasonable. During 2006, the bank's performance was substantially similar to its performance during 2007.

Distribution of Loans by Size of Business

	Revenues \leq \$ 1 Million	Revenues $>$ \$ 1 Million	Total
Total Number of Loans	38	8	46
Percentage of Total Loans	82.6%	17.4%	100%
Total Amount of Loans (000's)	\$4,211	\$2,194	\$6,405
Percentage of Total Amount	65.7%	34.3%	100%

According to D&B data, 90.2% of businesses within the assessment area reported revenues of \$1 million or less. Aggregate small business data indicates that 40.8% of reported small business loans were to businesses having revenues of \$1 million or less. The remaining portion of businesses had revenues exceeding \$1 million or revenue data was not determined. During the evaluation period, 82.6% of the bank's loans were to businesses with revenues of \$1 million or less. The bank performance is considered reasonable.

GEOGRAPHIC DISTRIBUTION OF LOANS

Overall, the geographic distribution of lending within the assessment area is considered reasonable when using demographic and aggregate data as proxies for demand. As previously noted, there are no upper-income tracts in the assessment area.

Distribution of HMDA Loans in Assessment Area by Income Level of Geography

	Low- Income	Moderate- Income	Middle- Income	Total
Total Number of Loans	5	7	215	227
Percentage of Total Loans	2.2%	3.1%	94.7%	100%
Total Amount of Loans (000's)	\$504	\$3,069	\$37,515	\$41,088
Percentage of Total Amount	1.2%	7.5%	91.3%	100%

The bank's level of lending in low-income tracts (2.2%) exceeds both the proportion of owner-occupied housing units in such tracts (1%) and the aggregate level of lending (1.5%). GBTC's level of lending in moderate-income tracts (3.1%) lags both the proportion of owner-occupied housing units in such tracts (5.4%) and the aggregate level of lending (7%). Overall, the bank's performance is considered marginally reasonable.

During 2006, the bank's performance was better but based on a smaller dollar of lending. One loan (1.7%) totaling \$258,000 was originated in a low-income census tract, while seven loans (12.1%) totaling \$842,000 were originated in moderate-income area. The bank's performance during 2006 was considered reasonable.

The bank's combined performance during 2006 and 2007 is considered reasonable.

Distribution of Small Business Loans by Income Level of Geography

	Low- Income	Moderate- Income	Middle- Income	Total
Total Number of Loans	2	4	40	46
Percentage of Total Loans	4.3%	8.7%	87.0%	100%
Total Amount of Loans (000's)	\$180	\$397	\$5,828	\$6,405
Percentage of Total Amount	2.8%	6.2%	91.0%	100%

D&B data indicates that 3.9% and 16.9% of area businesses are located in low- and moderate-income census tracts, respectively. Similarly, the aggregate data indicate that 3.5% and 12.5% of all reported loans were to businesses located in low- and moderate-income tracts, respectively. GBTC's level of small business lending in low- areas (4.3%) is reasonable, while their performance in moderate-income areas (8.7%) is marginally reasonable. Overall, the bank's performance is reasonable.

COMMUNITY DEVELOPMENT LOANS, INVESTMENTS, AND SERVICES

During the evaluation period, the bank extended \$120,000 to a loan consortium that originated a loan to facilitate housing for area low- and moderate-income residents.

The bank and its employees participate in the following community development activities within this market:

- A bank employee serves on the board of directors of the Albemarle Hospital Foundation that provides medical services to low- and moderate-income people.
- Five bank employees provided home buyer counseling that targets low- and moderate-income people in conjunction with the River City Community Development Corporation, Northeastern Community Development Corporation, New Life Community Development Corporation, and the Elizabeth City Neighborhood Corporation.

- A bank employee serves on the board of directors of the Albemarle Economic Development Commission whose activities focus on creating permanent jobs within the assessment area.
- Bank employees teach financial literacy classes during a camp for elementary children that the Northeastern Community Development Corporation sponsors. Additionally, an employee serves as an advisor for the Northeastern Community Development Corporation's micro-loan program, which supports small business development.
- The bank, in conjunction with the Northeastern Community Development Corporation and the New Life Community Development Corporation, offers individual development accounts (IDAs) to low- and moderate-income people. The accounts do not have service charges and are designed to aid the account holders accumulate funds to purchase homes.

Donations totaling \$8,650 were made to charitable organizations that provide community development services within the assessment area.

As previously noted, the bank has invested \$1.8 million in three SBICs whose operations benefit the statewide area and may include this assessment area.

Overall, the bank has an adequate level of responsiveness to local community development needs through its lending, qualified investments, and support of area organizations that facilitate community development.

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE RALEIGH-CARY, NC MSA:

According to the 2000 census data, this market has a population of 627,846 and a median housing value of \$156,162. The owner-occupancy rate for the market equals 61.6%, which is equal to the statewide rate (61.6%) and lower than that of the entire MSA (63%). The percentage of families living below the poverty level in the assessment area is 4.9%. This level of poverty (4.9%) is lower than both the rate for North Carolina (9%) and the whole MSA (5.9%). The 2007 median family income for the Raleigh-Cary, NC MSA equals \$69,800. The following table includes pertinent demographic data:

Raleigh, NC Metro ASSESSMENT AREA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	7	6.7	4,497	2.8	1,291	28.7	26,746	16.7
Moderate	16	15.2	19,131	12.0	2,011	10.5	26,394	16.5
Middle	54	51.4	84,356	52.8	3,655	4.3	35,673	22.3
Upper	28	26.7	51,840	32.4	925	1.8	71,011	44.4
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	105	100.0	159,824	100.0	7,882	4.9	159,824	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner Occupied		Rental		Vacant		
		#	%	#	%	#	%	
Low	9,901	1,617	1.0	16.3	7,527	76.0	757	7.6
Moderate	34,436	15,911	10.0	46.2	16,248	47.2	2,277	6.6
Middle	140,596	87,666	55.0	62.4	43,358	30.8	9,572	6.8
Upper	74,020	54,262	34.0	73.3	15,451	20.9	4,307	5.8
NA	0	0	0.0	0.0	0	0.0	0	0.0
Total	258,953	159,456	100.0	61.6	82,584	31.9	16,913	6.5
	Total Businesses by Tract	Businesses by Tract and Revenue Size						
		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported		
		#	%	#	%	#	%	
Low	700	2.1	618	2.1	60	1.9	22	2.8
Moderate	3,620	10.9	3,214	11.0	328	10.6	78	9.8
Middle	19,363	58.3	16,991	57.9	1,876	60.9	496	62.2
Upper	9,539	28.7	8,520	29.0	818	26.5	201	25.2
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	33,222	100.0	29,343	100.0	3,082	100.0	797	100.0
Percentage of Total Businesses:				88.3		9.3		2.4
	Total Farms by Tract	Farms by Tract and Revenue Size						
		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported		
		#	%	#	%	#	%	
Low	1	0.4	1	0.4	0	0.0	0	0.0
Moderate	19	7.4	19	7.6	0	0.0	0	0.0
Middle	177	68.6	170	68.3	6	75.0	1	100.0
Upper	61	23.6	59	23.7	2	25.0	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	258	100.0	249	100.0	8	100.0	1	100.0
Percentage of Total Farms:				96.5		3.1		0.4

NA Tracts are tracts without household or family income.

The local economy is dependent on government, education, and health industries. Major employers in the area include the State of North Carolina, Wake County Public Schools, North Carolina State University, and WakeMed Health and Hospitals. As of September 2008, the unemployment rate for Wake County, North Carolina is 5%, while the rate for the State of North Carolina is 6.6% for the same time period. The Raleigh-Cary MSA's unemployment rate for September 2008 is 5.3%.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE RALEIGH, NORTH CAROLINA MSA

During 2007, the bank and its mortgage company extended \$48 million of HMDA loans within the assessment area. Based on the universe and sample of small business loan data, it is estimated that the bank extended \$17.2 million of small business loans within this assessment area during the same time period.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The bank's lending to borrowers of different incomes and businesses of varying revenue levels in the Raleigh Assessment Area is reflected in the following tables. Overall, the bank's lending distribution is considered marginally reasonable because of the strength of the small business performance.

Distribution of HMDA Loans by Income Level of Borrower

A total of 151 HMDA loans were extended within this assessment area during 2007; however, 21 loans did not have information pertaining to borrower income and are not included in the following table.

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	6	13	25	86	130
Percentage of Total Loans	4.6%	10%	19.2%	66.2%	100%
Total Amount of Loans (000's)	\$718	\$1,478	\$4,799	\$32,772	\$39,767
Percentage of Total Amount	1.8%	3.7%	12.1%	82.4%	100%

Demographic data indicate that 16.7% of families are low-income and 16.5% are moderate-income. While the bank's lending to low-income borrowers (4.6%) is comparable to aggregate data (5.5%), lending to moderate-income borrowers (10%) lags the aggregate level (19.7%). Because neither the bank nor its mortgage company could extend FHA loans during 2007 and FHA loans may be utilized by low- and moderate-income borrowers, data including only conventional mortgage loans from a peer group of local lenders was also considered. According to the peer group data, 6.4% and 21.8% of conventional HMDA loans were to low- and moderate-income borrowers, respectively. When considering the performance of the peer group and the aggregate reporters, the bank's level of lending to low-income borrowers is reasonable, while the level of lending to moderate-income borrowers is poor. When considering the larger volume of viable loan demand from moderate-income residents, the bank's overall HMDA performance is considered poor during 2007.

During 2006, the bank did not make any loans to low-income borrowers; however, they reported extending two loans (20%) totaling \$174,000 to moderate-income borrowers. The aggregate lenders originated 7% of all reported loans to low-income borrowers and 21.6% to moderate-income borrowers. The bank's performance is marginally reasonable.

The bank's overall performance during 2006 and 2007 is considered poor. In reaching this conclusion, more weight was placed on the bank's performance during 2007 than the performance during 2006 because of the larger dollar volume of lending during 2007 (\$39.8 million) than during 2006 (\$1.4 million).

Distribution of Loans by Size of Business

	Revenues \leq \$ 1 Million	Revenues $>$ \$ 1 Million	Total
Total Number of Loans	17	3	20
Percentage of Total Loans	85%	15%	100%
Total Amount of Loans (000's)	\$2,645	\$341	\$2,986
Percentage of Total Amount	88.6%	11.4%	100%

Based on recent D&B data, 88.3% of businesses within the assessment area have annual revenues of \$1 million or less. Aggregate small business data indicate that 40.7% of reported small business loans in 2007 were to businesses having revenues of \$1 million or less. The remaining portion of businesses had revenues exceeding \$1 million or revenue data was not available. The bank's level of lending to businesses having annual revenues of \$1 million or less (85%) is considered excellent.

GEOGRAPHIC DISTRIBUTION OF LOANS

Overall, the geographic distribution of lending within the assessment area is considered excellent. In reaching this conclusion, more weight was placed on the HMDA loan performance because of the degree to which the performance exceeds a satisfactory level and the larger volume of such lending within the assessment area.

Distribution of HMDA Loans in Assessment Area by Income Level of Geography

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	4	17	87	43	151
Percentage of Total Loans	2.6%	11.3%	57.6%	28.5%	100%
Total Amount of Loans (000's)	\$3,077	\$3,477	\$19,163	\$22,287	\$48,004
Percentage of Total Amount	6.4%	7.3%	39.9%	46.4%	100%

Within the assessment area, 1% and 10% of all owner-occupied housing units are located in low- and moderate-income tracts, respectively. According to aggregate data, 1.1% of loans were extended within low-income tracts and 8% of loans were extended within moderate-income tracts. The bank's level of lending to low- (2.6%) and moderate-income census tract (11.3%) residents exceeds both the demographic and aggregate proxies. The bank's performance during 2007 is considered excellent.

While the bank did not extend any HMDA loans in low-income geographies during 2006, they extended three (27.3%) loans totaling \$437 million in moderate-income areas. According to the corresponding aggregate data, only 1.1% of loans were extended in low-income census tracts and 9% were extended in moderate-income census tracts. The bank's performance during 2006 is also considered excellent.

Distribution of Small Business Loans by Income Level of Geography

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	0	2	7	11	20
Percentage of Total Loans	0%	10%	35%	55%	100%
Total Amount of Loans (000's)	\$0	\$67	\$966	\$1,953	\$2,986
Percentage of Total Amount	0%	2.2%	32.4%	65.4%	100%

While none of the sampled small business loans were originated in low-income areas, D&B data indicate that 2.1% of small businesses are located in such areas, and the aggregate lenders reported only 1.4% of loans extended in such areas. The bank's level of lending to businesses located in moderate-income areas (10%) is analogous to the percentage of businesses located in such areas (10.9%) and compares favorably to the aggregate lending level (7.7%). Overall, the bank's level of lending to small businesses located in low- and moderate-income areas is considered reasonable.

COMMUNITY DEVELOPMENT LOANS, INVESTMENTS, AND SERVICES

The bank and its employees participated in the following community development activities:

- The bank offers IDAs through a partnership with the Passage Home Community Development Corporation. The accounts have no service charges and aid low- and moderate-income residents in saving money to purchase homes.
- A bank employee serves on the board of directors and as treasurer for Meals on Wheels of Wake County, whose services are targeted to area low- and moderate-income residents.

Donations totaling \$1,100 were made to charitable organizations that provide community development services within the assessment area. As previously noted, the bank has invested \$1.8 million in three SBICs whose operations benefit the statewide area and may include this assessment area.

Overall, the bank has an adequate level of responsiveness to local community development needs through its lending, qualified investments, and support of area organizations that facilitate community development.

NONMETROPOLITAN STATEWIDE AREA

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN DARE COUNTY, NORTH CAROLINA

GBTC's assessment area in Dare County, NC was reviewed using the limited review examination procedures. This assessment area contains three branch offices and is a nonmetropolitan assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN DARE COUNTY, NORTH CAROLINA

Within the Dare County assessment area, the bank's performance is considered reasonable for the Lending and Community Development Tests. Facts and data reviewed, including performance and demographic information, are included in the following charts.

Summary of Demographic and Aggregate Data			
		% Low-Income	% Moderate-Income
Area Families by Income Level		11.4%	15.9%
Aggregate HMDA Loans by Borrower Income		.4%	3.9%
Area Businesses with Revenues ≤ \$1 million	90.5%		
Aggregate Small Business Loans with Revenues < \$1 million	42%		

There are no low- or moderate-income census tracts within this assessment area.

Performance Test Data for Dare County, VA Assessment Area

LENDING TEST

Loan Originations/Purchases						
	To Low-Income Borrowers		To Moderate-Income Borrowers		To Businesses with Revenues < \$1 Million	
	#	%	#	%	#	%
HMDA	0	0%	6	6.7%		
Small Business					23	85.2%

COMMUNITY DEVELOPMENT LOANS, INVESTMENTS, AND SERVICES

Bank employees participate in the following community development activities:

- A bank employee serves on the board of the Community Care Clinic of Dare County that provides medical services to low-income people.
- Two bank employees periodically provide home buyer counseling targeted to low- and moderate-income residents.
- Two employees serve on the board of directors of the Outer Banks Community Development Corporation.

Banking services offered in this assessment area are similar to the services available to other communities the bank serves.

COMMONWEALTH OF VIRGINIA

CRA RATING FOR VIRGINIA: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

Major factors supporting the rating include:

- The level of lending to borrowers of different income levels and businesses of different sizes is reasonable when considering demographic and aggregate lending data.
- The bank's geographic distribution performance is reasonable when considering demographic and aggregate lending data.
- The bank has not participated in any qualified community development activities specific to the Richmond, VA MSA other than having made equity investments in three SBICs whose multistate regions include the Commonwealth of Virginia. These investments appear to have only a limited impact on the Richmond, VA MSA assessment area. Given the community development opportunities available within the Richmond market, the bank's performance is poor within this specific assessment area.
- Despite the bank's poor community development test performance within the Richmond, VA MSA assessment area, the bank has participated in qualified community development activities in the Emporia and Charlottesville, VA MSA assessment areas. When considering the performance in each market and including the SBIC equity investments, the bank's performance within the Commonwealth is adequate.

SCOPE OF EXAMINATION

GBTC serves three assessment areas within the Commonwealth of Virginia. Based on its relative size, the Richmond, VA MSA assessment area was subject to full-scope review. The Emporia assessment area, which is much smaller, was subject to a limited-scope review. A detailed analysis of the Charlottesville, VA MSA assessment area is not included because the bank has only recently entered the market.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN VIRGINIA

The institution operates nine branches (including one branch in Charlottesville, VA) throughout the Commonwealth of Virginia. Five of the branches are located in middle-income areas, and four are located in upper-income areas. Based on the 2000 census data, the institution's Virginia markets have a total population of 737,218. The 2007 median family income for nonmetropolitan areas of Virginia and the Richmond VA MSA equal \$49,600 and \$68,700, respectively.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

Lending To Borrowers of Different Incomes and To Businesses of Different Sizes

The bank's borrower distribution performance is reasonable for both HMDA and small business loans within both the Richmond, VA MSA and Emporia assessment areas.

Geographic Distribution of Loans

Similar to the borrower distribution performance, the bank's geographic distribution performance is reasonable for both HMDA and small business loans within both the Richmond, VA MSA and Emporia assessment areas.

Community Development Loans, Investments, and Services

The bank has participated in community development activities that benefit both specific assessment areas and larger regional or statewide areas. The following activities either benefit a regional or statewide area or benefit a new assessment area (Charlottesville, VA MSA) that is not discussed in detail in this report.

- As previously discussed, the bank has invested \$1.8 million in the CapitalSouth Partners Fund, Triangle Mezzanine Fund, and Plexus Fund. These three funds support the activities of three separate SBICs, whose activities promote business development and job creation/retention. Each SBIC includes Virginia in the geographic scope of their operations.
- A bank employee is a board member of the Albermarle Housing Committee (Charlottesville, VA MSA) that provides funds for low- and moderate-income housing needs in the area.

In addition, bank employees support financial literacy and home buyer programs targeted to low- and moderate-income residents in the Emporia assessment area. These activities are described in greater detail in the Emporia assessment area section of this evaluation.

Overall, the bank has an adequate level of responsiveness to local community development needs through its lending, and support of area organizations that facilitate community development.

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE RICHMOND MSA:

According to the 2000 census data, this market has a population of 719,993 and a median housing value of \$114,130. The owner-occupancy rate for the market equals 61.5%, which is lower than the rate for the Commonwealth (63.3%) and the entire MSA (64.6%). The percentage of families living below the poverty level in the assessment area is 7%. This level of poverty is equal to the rate for Virginia (7%) and is slightly higher than that of the MSA (6.9%). The 2007 median family income for the Richmond, VA MSA equals \$68,700. Pertinent demographic data is included in the following table.

Richmond, VA Metro ASSESSMENT AREA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	19	10.3	11,627	6.2	4,302	37.0	34,988	18.7
Moderate	38	20.7	32,335	17.3	4,354	13.5	32,111	17.2
Middle	74	40.2	75,676	40.5	3,373	4.5	41,600	22.3
Upper	53	28.8	67,067	35.9	1,078	1.6	78,006	41.8
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	184	100.0	186,705	100.0	13,107	7.0	186,705	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner Occupied		Rental		Vacant		
		#	%	#	%	#	%	
Low	21,890	6,035	3.2	27.6	13,329	60.9	2,526	11.5
Moderate	59,835	24,923	13.4	41.7	30,134	50.4	4,778	8.0
Middle	124,776	79,668	42.8	63.8	39,775	31.9	5,333	4.3
Upper	96,058	75,380	40.5	78.5	17,198	17.9	3,480	3.6
NA	0	0	0.0	0.0	0	0.0	0	0.0
Total	302,559	186,006	100.0	61.5	100,436	33.2	16,117	5.3
	Total Businesses by Tract	Businesses by Tract and Revenue Size						
		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported		
		#	%	#	%	#	%	
Low	3,011	10.7	2,427	9.9	440	14.8	144	19.9
Moderate	4,371	15.5	3,643	14.8	605	20.3	123	17.0
Middle	11,238	39.8	9,857	40.1	1,129	37.8	252	34.9
Upper	9,638	34.1	8,626	35.1	809	27.1	203	28.1
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	28,258	100.0	24,553	100.0	2,983	100.0	722	100.0
Percentage of Total Businesses:				86.9		10.6		2.6
	Total Farms by Tract	Farms by Tract and Revenue Size						
		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported		
		#	%	#	%	#	%	
Low	5	4.3	5	4.4	0	0.0	0	0.0
Moderate	8	6.9	7	6.1	1	50.0	0	0.0
Middle	51	44.0	51	44.7	0	0.0	0	0.0
Upper	52	44.8	51	44.7	1	50.0	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	116	100.0	114	100.0	2	100.0	0	0.0
Percentage of Total Farms:				98.3		1.7		0.0

NA Tracts are tracts without household or family income.

The local economy relies on government, professional services, and retail industries. Major employers in the area include local and state government, Richmond Public Schools, Genworth Financial, and Dominion Resources. As of September 2008, the unemployment rates for the City of Richmond and the counties of Chesterfield and Henrico, Virginia were 6.6%, 4%, and 4%, respectively, while the rate for the Commonwealth of Virginia was 4.2% and the rate for the Richmond, VA MSA equaled 4.6% for the same time period.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE RICHMOND, VIRGINIA MSA

Because GBTC did not have a branch presence in this market during 2006, only 2007 HMDA and small business loan data are included in this assessment area. Based on the universe and sample of small business loan data, it is estimated that the bank extended \$20.2 million of small business loans within this assessment area during 2007. During the same time period, the bank and its mortgage company extended \$6 million of HMDA loans within the assessment area.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The bank's overall borrower distribution performance is reasonable.

Distribution of Loans by Size of Business

	Revenues \leq \$ 1 Million	Revenues $>$ \$ 1 Million	Total
Total Number of Loans	14	2	16
Percentage of Total Loans	87.5%	12.5%	100%
Total Amount of Loans (000's)	\$3,354	\$160	\$3,514
Percentage of Total Amount	95.4%	4.6%	100%

According to D&B data, 86.9% of businesses within the assessment area reported revenues of \$1 million or less. Aggregate small business data indicates that 36.2% of reported small business loans in 2007 were to businesses having revenues of \$1 million or less. +-The remaining portion of businesses had revenues exceeding \$1 million or revenue data was not determined. During the evaluation period, 87.5% of the bank's loans were to businesses with revenues of \$1 million or less. The bank's performance is excellent.

Distribution of HMDA Loans by Income Level of Borrower

A total of 33 HMDA loans were extended within this assessment area during 2007; however, six loans did not have information pertaining to borrower income and are not included in the following table.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	3	5	8	11	27
Percentage of Total Loans	11.1%	18.5%	29.6%	40.8%	100%
Total Amount of Loans (000's)	\$402	\$729	\$1,213	\$1,678	\$4,022
Percentage of Total Amount	10%	18.1%	30.2%	41.7%	100%

The bank's level of lending to low-income borrowers (11.1%) is lower than the proportion of area low-income families residing within the assessment area (18.7%) but exceeds the percentage of 2007 aggregate lending (8.1%). Bank lending to moderate-income borrowers (18.5%) is higher than the percentage of moderate-income families residing within the assessment area (17.2%) but lags the percentage of 2007 aggregate lending (24.8%). Overall, the bank's performance is considered reasonable.

GEOGRAPHIC DISTRIBUTION OF LOANS

The bank's geographic distribution of lending is reasonable within this market.

Distribution of Small Business Loans by Income Level of Geography

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	1	2	3	10	16
Percentage of Total Loans	6.3%	12.5%	18.7%	62.5%	100%
Total Amount of Loans (000's)	\$938	\$205	\$979	\$1,392	\$3,514
Percentage of Total Amount	26.7%	5.8%	27.9%	39.6%	100%

GBTC's level of lending to businesses located in low-income census tracts (6.3%) exceeds the 2007 aggregate lending in low-income areas (6%), but lags the percentage of businesses located in such areas (10.7%). The bank's lending to businesses located in moderate-income census tracts (12.5%) is lower than the percentage of businesses located in such areas (15.5%), but exceeds the aggregate lending in moderate-income areas (12%). The bank's performance is considered reasonable.

Distribution of HMDA Loans in Assessment Area by Income Level of Geography

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	2	4	12	15	33
Percentage of Total Loans	6.1%	12.1%	36.4%	45.4%	100%
Total Amount of Loans (000's)	\$1,163	\$487	\$1,738	\$2,626	\$6,014
Percentage of Total Amount	19.3%	8.1%	28.9%	43.7%	100%

A review of the 2007 aggregate lending revealed 3.6% and 14.9% of HMDA loans were extended in low- and moderate-income areas. Additionally, 3.2% of owner-occupied housing units are located in low-income areas, and 13.4% of owner-occupied housing units are located in moderate-income areas. Of GBTC's HMDA loans, 6.1% and 12.1% were extended to residents in low- and moderate-income areas, respectively. The bank's performance is considered reasonable.

COMMUNITY DEVELOPMENT LOANS, INVESTMENTS, AND SERVICES

Participation in qualified community development activities within the Richmond, VA MSA assessment area is limited to the bank's \$1.8 million equity investments in three SBICs that include Virginia in their geographic market area. One of three SBICs has recently invested in a business located within this specific assessment area. The assessment area is a diverse market and reviews of the community development activities of other banks within the market indicate that substantial community development opportunities exist. These opportunities cover a broad range of activities including affordable housing, financial literacy, the revitalization of low- and/or moderate-income census tracts, small business development, and other services, such as medical care, targeted to low- and moderate-income residents. Despite the bank's SBIC investments, which have a relatively limited impact on this specific assessment area, the bank's participation in qualified community development activities demonstrates a poor level of responsiveness given both the community development needs and opportunities that exist within the assessment area.

NONMETROPOLITAN STATEWIDE AREA

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN EMPORIA, VIRGINIA

GBTC's assessment area in Emporia, VA was reviewed using the limited review examination procedures. This assessment area contains two branch offices.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN EMPORIA, VIRGINIA

Within the Emporia assessment area, the bank's performance is considered reasonable for the Lending and Community Development Tests. Facts and data reviewed, including performance and demographic information, are included in the following charts.

Summary of Demographic and Aggregate Data		
	% Low-Income	% Moderate-Income
Families by Geography	N/A	18.8%
Families < Poverty Level as % of Families by Geography	N/A	17.8%
Owner-Occupied Housing Units by Geography	N/A	13.3%
Area Families by Income Level	21.4%	18.1%
Aggregate HMDA Loans by Geography	N/A	18.6%
Aggregate HMDA Loans by Borrower Income	8.9%	25.9%
Area Businesses by Geography	N/A	28.7%
Aggregate Small Business Loans by Geography	N/A	23.9%
Area Businesses with Revenues ≤ \$1 million	91.6%	
Aggregate Small Business Loans with Revenues < \$1 million	45.4%	

There are no low-income census tracts within this assessment area.

Performance Test Data for Emporia, VA Assessment Area

LENDING TEST

Loan Originations/Purchases								
	In Moderate-Income Areas		To Low-Income Borrowers		To Moderate-Income Borrowers		To Businesses with Revenues < \$1 Million	
	#	%	#	%	#	%	#	%
HMDA	4	33.3%	1	20%	1	20%		
Small Business	1	16.7%					5	83.3%

COMMUNITY DEVELOPMENT LOANS, INVESTMENTS, AND SERVICES

Bank employees have supported the following community development initiatives:

- Bank employees support the Sussex Surry Greensville Improvement Association and the Emporia-Greensville Financial Literacy Coalition by teaching home buyer classes targeted to low- and moderate income residents.
- A bank employee serves on the board of directors of the Emporia-Greensville Financial Literacy Coalition.

Banking services offered in this assessment area are similar to the services available to other communities the bank serves.

CRA APPENDIX A

SCOPE OF EXAMINATION

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

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION		
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED ¹
Virginia Beach MA	Full-Scope	None
Suffolk MA	Limited-Scope	None
Elizabeth City	Full-Scope	Gateway Operations Center 112 Corporate Drive Elizabeth City, NC 27909 Elizabeth City Main Office 1145 North Road Street Elizabeth City, NC 27909
Raleigh-Cary, NC MSA	Full-Scope	None
Dare County	Limited-Scope	None
Richmond, VA MSA	Full-Scope	None
Emporia	Limited-Scope	None

¹ There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.

CRA APPENDIX B

SUMMARY OF STATE AND MULTISTATE MSA RATINGS

State or Multistate Metropolitan Area	Lending Test Rating	Community Development Test Rating	Overall State Rating
Virginia Beach-Norfolk-Newport News, VA-NC MSA	Needs to Improve	Satisfactory	Needs to Improve
North Carolina	Satisfactory	Satisfactory	Satisfactory
Virginia	Satisfactory	Satisfactory	Satisfactory

APPENDIX C

Assessment Area Branch, Deposit, and Loan Volume

Loan volume data reflects the HMDA and small business loans included in the evaluation. Deposit volume data was reported to the Federal Deposit Insurance Corporation and is current as of June 2007.

Assessment Area	HMDA/CRA Loan Volume				Branches		Deposit Volume	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Virginia Beach MA	282	27.3%	\$83,517	31.6%	12	32.5%	\$405,646	28.5%
Suffolk MA	20	1.9%	\$3,756	1.4%	1	2.7%	\$50,586	3.6%
Elizabeth City	331	32%	\$53,721	20.3%	6	16.2%	\$485,422	34.1%
Raleigh-Cary, NC MSA	182	17.6%	\$52,543	19.8%	4	10.8%	\$75,690	5.3%
Dare County	145	14%	\$59,904	22.6%	3	8.1%	\$133,808	9.4%
Durham, NC MSA *	0	0%	\$0	0%	1	2.7%	\$0	0%
Wilmington, NC MSA *	0	0%	\$0	0%	1	2.7%	\$0	0%
Richmond, VA MSA	49	4.7%	\$9,528	3.6%	6	16.2%	\$208,399	14.7%
Emporia	26	2.5%	\$1,825	.7%	2	5.4%	\$62,082	4.4%
Charlottesville, VA MSA *	0	0%	\$0	0%	1	2.7%	\$0	0%
Total	1,035	100%	\$264,794	100%	37	100%	\$1,421,633	100%

* The bank only recently entered these assessment areas; therefore, loan and deposit volume information is not yet available.

CRA APPENDIX D

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

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

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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