

PUBLIC DISCLOSURE

February 28, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Oak Ridge
Certificate Number: 35365

2211 Oak Ridge Road
Oak Ridge, North Carolina 27310

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Atlanta Regional Office

10 Tenth Street, NW, Suite 800
Atlanta, Georgia 30309-3849

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.

INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Bank of Oak Ridge's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank originated a majority of its small business and home mortgage loans in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among businesses of different sizes and poor penetration among individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

- The institution demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

Qualified Investments

A qualified investment is a lawful investment, deposit, donation, membership share, or grant that has community development as its primary purpose. During the evaluation period, BOR had approximately \$1.1 million in qualified investments. Total qualified investments included \$1.0 million in investments and \$109,418 in grants and donations. As of December 31, 2016, BOR’s qualified investments, grants, and donations equates to 2.4 percent of the total securities, 2.9 percent of total capital, and 0.3 percent of total assets.

The following tables depict the number and dollar volume of investments, grants, and donations by year and by community development purpose. As the table illustrates, the majority of the bank’s investments, by number and dollar volume, benefit economic development, followed by community services and affordable housing. The qualified investments, by year and purpose, are detailed in the following table.

Qualified Investments												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization Projects		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2014	1	5	8	33	2	1,002	0	0	0	0	11	1,040
2015	1	5	6	33	0	0	0	0	0	0	7	38
2016	1	5	5	32	0	0	0	0	0	0	6	37
YTD 2017	0	0	0	0	0	0	0	0	0	0	0	0
Totals	3	15	19	98	2	1,002	0	0	0	0	24	1,115

Source: Bank records

Below are notable examples of the bank’s community development investments and donations:

- The bank has a \$1 million equity investment in a Small Business Investment Company (SBIC) that invests in projects that primarily come from the southeastern U.S. An SBIC is a privately-owned and operated company licensed and funded by the SBA to meet the needs of small and mid-sized businesses. The businesses served by the SBICs generally have difficulty obtaining traditional financing such as for venture capital needs. This long-term capital is provided through low-cost access to federal funds which are leveraged against privately raised investment funds.
- The bank continues to hold a \$1.6 million bond to fund the Senior Housing Crime Foundation. The \$28,000 annual income is generated for the Senior Crimestopper Program. The bank’s targeted investment supports the operation of the Senior Crimestopper Program for low- and moderate-income individuals residing in a local senior living facility.
- In 2014-2016, the bank donated a total of \$15,300 to an organization dedicated to providing short term affordable housing to homeless woman and families. Annually, the organization serves approximately 150 low- and moderate-income families.