



## **PUBLIC DISCLOSURE**

**October 14, 2025**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**LifeStore Bank**

**West Jefferson, North Carolina**

**Federal Reserve Bank of Richmond  
Richmond, Virginia**

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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LifeStore Bank  
715872

205 South Jefferson Avenue  
West Jefferson, North Carolina 28694

Federal Reserve Bank of Richmond  
P. O. Box 27622  
Richmond, Virginia 23261

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## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

### INSTITUTION'S CRA RATING: **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 reasonable given the bank's size, financial condition, and credit needs of its assessment area.
- A majority of loans and other lending-related activities are in the bank's assessment area.
- The bank's borrower distribution performance (lending to low- and moderate-income borrowers and small businesses having annual revenues of \$1 million or less) is considered excellent.
- The bank's distribution of loans by income level of geography (geographic distribution) is reasonable.
- The bank's community development performance demonstrates adequate responsiveness overall to community development needs of its assessment area through community development loans, qualified investments, and community development services, considering the bank's capacity and availability of such opportunities in its assessment area.
- There have been no complaints regarding the bank's CRA performance since the previous CRA evaluation.

### SCOPE OF EXAMINATION

LifeStore Bank (LB) was evaluated using the interagency examination procedures for intermediate small institutions developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures and based upon recent loans originated by the institution, residential real estate and small business loans were identified as primary credit products for the bank.

Examiners reviewed the following data when assessing the bank's performance.

- The entire universe of residential real estate loans originated during 2023 and 2024, as well as the entire universe of small business loans originated in 2023.
- Community development loans originated from November 8, 2021, until October 14, 2025 (i.e. evaluation period),
- Community development services provided by the bank during the evaluation period, and
- All qualified investments made during the evaluation period, along with existing qualified investments outstanding as of the date of the evaluation, regardless of when made.

Aggregate data from 2024 is available for residential real estate; however, the aggregate small business data for 2024 is not yet available. Because aggregate data captures lending done under the same business and market conditions, it is an important performance context factor needed to evaluate the bank's lending performance. Consequently, the bank's 2024 residential real estate lending data is included in this evaluation, but its small business lending data from the same year is not included.

To help determine the availability of community development opportunities in the bank's assessment area, the CRA public evaluations of other financial institutions operating in the assessment area were reviewed. Additionally, a community official was contacted to learn about local economic conditions and credit needs, performance of banks in the assessment area, and potential community development opportunities.

LB serves one assessment area (the Ashe County, NC NonMSA assessment area) located in western North Carolina, and it was evaluated using the FFIEC's full-scope evaluation procedures.

## DESCRIPTION OF INSTITUTION

The bank is headquartered in West Jefferson, North Carolina and operates four full-service branches each with automated teller machines (ATMs). LB operated one limited-service loan production office focused on commercial lending outside of its assessment area; however, this office closed in January of 2025. The bank is wholly owned by LifeStore Financial Group Incorporated, a single bank holding company also located in West Jefferson, North Carolina. This evaluation reflects only the performance of LB and does not consider or include the activities of any other related entities. The bank’s previous CRA rating, dated November 8, 2021, was “Satisfactory”. No known legal impediment exists that would prevent the bank from meeting the credit needs of its assessment area.

As of June 30, 2025, LB held \$474 million in assets, of which 62% were net loans and 22.4% were securities. As of the same date, deposits totaled \$420.2 million. Various deposit and loan products are available through the institution. In addition to residential real estate and small business loan products, the bank also offers loans for construction and development, consumer, and agricultural/farmland purposes.

### Composition of Loan Portfolio

Loan Type	6/30/2025	
	\$(000s)	%
Secured by 1-4 Family dwellings	166,288	55.7
Multifamily	19,768	6.6
Construction and Development	16,537	5.5
Commercial & Industrial/ NonFarm NonResidential	82,278	27.6
Consumer Loans and Credit Cards	2,135	0.7
Agricultural Loans/ Farmland	11,222	3.8
All Other	63	0.0
<b>Total</b>	<b>298,291</b>	<b>100.0</b>

As indicated in the preceding table, the bank’s loan portfolio is concentrated in residential real estate-secured and commercial purpose loans. Small business loans are a subset of commercial loans. While the bank offers various loan products, the volume of lending for those products is relatively small in comparison to the residential real estate and small business lending.

## DESCRIPTION OF INSTITUTION’S OPERATIONS IN ASHE COUNTY, NC NONMSA ASSESSMENT AREA

As noted, LB has delineated one assessment area referred to the Ashe County, NC NonMSA assessment area in this evaluation. The assessment area is located in the western region of North Carolina and includes all of Ashe and Watauga Counties. All four full-service branches and deposit taking ATMs operate within the assessment area.

As of June 30, 2024, LB ranked 2<sup>nd</sup> out of 14 financial institutions in local deposit market share and held 18.2% of the assessment area’s deposits (excluding credit union deposits) according to data compiled by the Federal Deposit Insurance Corporation.

### Community Contact

An individual from an economic development organization was contacted during the evaluation and indicated that the region’s mountainous topography limits buildable land and the shortage of affordable housing limits business expansion. The official suggested that financial institutions could further support small business growth by expanding outreach promoting available services and funding sources, and by exploring alternative lending approaches, such as flexible, subprime, or forgivable loan terms to better serve emerging entrepreneurs, small businesses, and underserved borrowers. The individual contacted also said that despite area challenges that local financial institutions demonstrate a strong community presence through participation in local planning and philanthropic efforts. The contact was unaware of any discriminatory practices taking place at local financial institutions in the area.

Demographic Data

2024 Ashe County, NC NonMSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	3,406	17.8
Moderate	2	9.1	1,956	10.2	265	13.5	3,312	17.3
Middle	10	45.5	9,056	47.2	850	9.4	3,646	19.0
Upper	9	40.9	7,422	38.7	503	6.8	8,812	46.0
Unknown	1	4.5	742	3.9	160	21.6	0	0.0
<b>Total AA</b>	<b>22</b>	<b>100.0</b>	<b>19,176</b>	<b>100.0</b>	<b>1,778</b>	<b>9.3</b>	<b>19,176</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	3,617	1,920	8.6	53.1	608	16.8	1,089	30.1
Middle	20,445	11,306	50.3	55.3	2,637	12.9	6,502	31.8
Upper	24,900	8,595	38.3	34.5	5,638	22.6	10,667	42.8
Unknown	2,938	635	2.8	21.6	1,999	68.0	304	10.3
<b>Total AA</b>	<b>51,900</b>	<b>22,456</b>	<b>100.0</b>	<b>43.3</b>	<b>10,882</b>	<b>21.0</b>	<b>18,562</b>	<b>35.8</b>
	Total Businesses by Tract		Businesses by Tract & 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	150	4.1	146	4.3	0	0.0	4	7.0
Middle	1,310	35.7	1,221	35.9	64	29.9	25	43.9
Upper	1,678	45.7	1,554	45.7	103	48.1	21	36.8
Unknown	536	14.6	482	14.2	47	22.0	7	12.3
<b>Total AA</b>	<b>3,674</b>	<b>100.0</b>	<b>3,403</b>	<b>100.0</b>	<b>214</b>	<b>100.0</b>	<b>57</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>92.6</b>		<b>5.8</b>		<b>1.6</b>
	Total Farms by Tract		Farms by Tract & 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	27	18.0	26	17.7	1	33.3	0	0.0
Middle	80	53.3	78	53.1	2	66.7	0	0.0
Upper	42	28.0	42	28.6	0	0.0	0	0.0
Unknown	1	0.7	1	0.7	0	0.0	0	0.0
<b>Total AA</b>	<b>150</b>	<b>100.0</b>	<b>147</b>	<b>100.0</b>	<b>3</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>98.0</b>		<b>2.0</b>		<b>0.0</b>

Source: 2024 FFIEC Census Data  
2024 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

Based on 2020 American Community Survey (ACS) data, the assessment area served by the bank has a total population of 80,663 and a median housing value of \$211,625. Within the assessment area, the owner-occupancy rate equals 43.3%, which is below the owner-occupancy rates for nonmetropolitan areas of North Carolina (53.4%) and the overall state (56.5%). The percentage of families living below the poverty level in the assessment area equals 9.3% and is less than the level found in nonmetropolitan areas of North Carolina (13.1%) and the state (10%). The statewide nonmetropolitan median family income equaled \$70,400 in 2023 and \$71,500 in 2024.

According to data published by the FFIEC in 2023 and 2024, all ten of the area’s middle-income tracts are designated distressed or underserved nonmetropolitan middle-income geographies. Specifically, the three middle-income census tracts in Watauga County are designated as distressed because of high poverty rates and the seven middle-income census tracts located in Ashe County are designated as being underserved. Underserved census tracts are typically located in rural communities that lack certain community services/infrastructure and are also distant from more urban population centers. The county’s mountainous topography, which was also noted as a factor limiting local development, makes addressing the underserved characteristics within Ashe County difficult.

<b>Ashe County, NC NonMSA Population Change</b>			
<b>Area</b>	<b>2015 Population</b>	<b>2020 Population</b>	<b>Percent Change</b>
Ashe County, NC NonMSA AA	79,354	80,663	1.6%
Ashe County, NC	27,114	26,577	-2.0%
Watauga County, NC	52,240	54,086	3.5%
NonMSA North Carolina	2,264,070	2,196,327	-3.0%
North Carolina	9,845,333	10,439,388	6.0%
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census</i>			

The preceding table details population changes from 2015 to 2020 within the assessment area and the State of North Carolina. While the bank’s assessment area saw slight growth of 1.6% over this five year period, this rate of growth lags the overall rate of growth for the state (6%). Within the assessment area population growth with Watauga County was largely offset by population loss within Ashe County.

Ashe County, NC NonMSA Assessment Area								
Employees by Industry								
	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3
Government Total, all industries	6,821	6,772	6,860	6,666	7,092	7,023	6,973	6,885
Agriculture, forestry, fishing and hunting	0*	0*	0*	0*	0*	0*	0*	0*
Mining, quarrying, and oil and gas extraction	0*	0*	0*	0*	0*	0*	0*	0*
Utilities	0*	0*	0*	0*	0*	0*	0*	0*
Construction	1,879	1,832	1,890	1,945	1,957	1,781	1,945	1,976
Manufacturing	1,342	1,312	1,329	1,294	1,311	1,305	1,322	1,338
Wholesale trade	911	899	930	944	987	987	1,008	993
Retail Trade	5,012	4,746	4,776	4,752	4,850	4,666	4,768	4,749
Transportation and warehousing	0*	0*	0*	0*	0*	0*	0*	0*
Information	286	282	282	276	284	272	257	239
Finance and insurance	456	443	455	452	427	421	416	411
Real estate and rental and leasing	860	846	844	880	870	819	878	908
Professional and technical services	1,003	1,026	1,019	1,016	1,074	1,083	1,058	1,056
Management of companies and enterprises	450	444	438	431	419	420	419	408
Administrative and waste services	1,050	1,017	1,158	1,112	1,129	1,168	1,276	1,285
Educational services	213	197	197	172	201	196	186	170
Health care and social assistance	4,781	4,644	4,883	4,897	4,981	4,841	4,827	4,873
Arts, entertainment, and recreation	880	984	924	1,051	997	1,091	941	1,087
Accommodation and food services	5,184	4,957	5,124	5,082	5,255	5,118	5,077	5,004
Other services, except public administration	699	741	763	755	786	793	807	820
Public administration	0	0	0	0	0	0	0	0

Source: Bureau of Labor Statistics (BLS), Quarterly Census of Employment and Wages  
\* indicates that some or all of the data for this category was suppressed for confidentiality reasons

The bank’s market area offers a variety of employment opportunities. In addition to local government and school boards, major employers include those within the accommodation and food services, health care, and retail trade industries. Although not displayed in the table, Christmas tree farming (forestry) is an important industry; however, the number of jobs it provides is not clear based on data from the BLS.

Ashe County, NC NonMSA					
Unemployment Rates					
Area	2020	2021	2022	2023	2024
Ashe County, NC NonMSA AA	6.7%	4.2%	3.6%	3.3%	3.4%
Ashe County, NC	6.5%	4.3%	3.6%	3.1%	3.1%
Watauga County, NC	6.7%	4.2%	3.6%	3.3%	3.5%
NonMSA North Carolina	7.4%	5.4%	4.1%	3.8%	3.9%
North Carolina	7.2%	4.9%	3.7%	3.5%	3.6%

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

During a recent five-year period, unemployment rates throughout the assessment area continued to recover from the pandemic, and the current yearly average rates have settled to approximately half of the pandemic levels. Current unemployment rates within the assessment area are similar to the rates within the state and slightly less than the nonmetropolitan areas of North Carolina.

Ashe County, NC NonMSA Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Ashe County, NC NonMSA AA	73.2%	33.5%	48.9%	48.4%	24.3%	17.8%
Ashe County, NC	50.7%	19.9%	29.0%	38.6%	21.8%	14.9%
Watauga County, NC	78.9%	40.3%	55.2%	55.7%	26.3%	20.0%
NonMSA North Carolina	66.2%	36.0%	38.5%	53.6%	27.5%	18.6%
North Carolina	74.3%	44.0%	41.3%	57.5%	30.2%	17.8%

*Cost Burden is housing cost that equals 30 percent or more of household income*  
*Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy*

Within the assessment area, low-income renters face similar cost burdens to renters within the State of North Carolina. However, moderate-income renters’ housing cost burdens are less than renters within the state. Both low- and moderate-income homeowners within the assessment area experience slightly lower cost burdens compared to homeowners with the state. Additionally, within the assessment area and statewide areas, the cost burden of both renters and homeowners is substantially higher for low-income households than for moderate-income households.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:**

When evaluating the bank’s residential mortgage and small business lending, relevant area demographic data from the American Community Survey (ACS) is used to estimate potential demand and lending opportunities. While ACS data is collected and published by the U.S. Census Bureau on an annual basis, the demographic data relied upon in this performance evaluation is based on ACS data that is updated once every five years. As such, when evaluating the bank’s performance, relevant area demographic data from the 2020 ACS was used. Additionally, Dun and Bradstreet (D&B) business demographic data from 2023 was used when evaluating LB’s small business lending.

Despite being an active residential mortgage lender, LB is not subject to residential mortgage data reporting under the Home Mortgage Disclosure Act (HMDA) because none of its bank branches are located in a metropolitan statistical area. However, aggregate lending data is insightful from a performance context perspective because the lending activity took place in the same geographic area under the same basic economic conditions. Consequently, aggregate loan data is used as an estimate for loan demand when evaluating the bank’s residential mortgage and small business lending. This aggregate data included all activity reported by lenders subject to reporting HMDA and CRA data within the bank’s assessment area. As previously noted, aggregate HMDA data from 2023 and 2024 is leveraged for the analysis of LB’s residential mortgage lending, while aggregate CRA data from 2023 is leveraged for LB’s small business lending analysis. Because the bank is not subject to HMDA or CRA data reporting, LB’s residential mortgage and small business loans are not included in the aggregate data.

To evaluate the geographic and borrower distribution for a specific loan category within an assessment area, primary emphasis is placed on the number (and corresponding percentage) of loans originated and purchased. To arrive at an overall conclusion regarding the distribution of lending, performance in each loan category is then generally weighted by the dollar volume of such loans made in the assessment area. During 2023, the bank originated \$19.3 million in residential mortgage and \$7.1 million in small business loans within the Ashe County, NC NonMSA assessment area. Consequently, residential mortgage lending performance was given more weight when determining the bank’s overall performance.

**Loan-To-Deposit Ratio**

The bank’s loan-to-deposit ratio, as of June 30, 2025, equaled 69.9% and averaged 69.5% for the preceding 15-quarter period. In comparison, the quarterly average loan-to-deposit ratios for three peer banks operating in similar areas as LB ranged from 83.9% to 85.7%, during the same 15-quarter period.

LB's loan-to-deposit ratio is consistently below peer banks; however, it is important to note that LB sells a portion of originated residential real estate loans to the secondary market. During the January 2022 - June 2025 time period, the bank sold approximately \$37.5 million of residential mortgage loans which are not reflected in the bank's loan-to-deposit ratio. If those loans had remained in the bank's portfolio, its overall loan-to-deposit ratio would have averaged more than 69.5%. Since December 31, 2021, the bank's assets, net loans, and deposits increased by 17.9%, 38.6%, and 23.4%, respectively. From a CRA perspective, the bank's loan-to-deposit ratio is considered reasonable given the institution's size, financial condition, and local credit needs.

### Lending In Assessment Area

To determine the institution's volume of lending within its assessment area, the geographic location of the bank's 2023 and 2024 residential mortgage and 2023 small business loans were considered. The lending distribution inside and outside of the bank's assessment areas is represented in the following table.

#### Comparison of Credit Extended Inside and Outside of Assessment Area(s)

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	89	73.6	30,265	77.0	32	26.4	9,033	23.0
Home Improvement	1	100.0	150	100.0	0	0.0	0	0.0
Refinancing	41	66.1	9,227	55.2	21	33.9	7,485	44.8
Multi-Family Housing	0	0.0	0	0.0	0	0.0	0	0.0
Loan Purpose Not Applicable	0	0.0	0	0.0	0	0.0	0	0.0
Other Purpose Closed/Exempt	2	100.0	528	100.0	0	0.0	0	0.0
Other Purpose LOC	2	100.0	326	100.0	0	0.0	0	0.0
<b>Total HMDA related</b>	<b>135</b>	<b>71.8</b>	<b>40,496</b>	<b>71.0</b>	<b>53</b>	<b>28.2</b>	<b>16,518</b>	<b>29.0</b>
Small Business	30	78.9	7,132	79.5	8	21.1	1,841	20.5
<b>TOTAL LOANS</b>	<b>165</b>	<b>73.0</b>	<b>47,628</b>	<b>72.2</b>	<b>61</b>	<b>27.0</b>	<b>18,359</b>	<b>27.8</b>

As noted in the table, a majority of loans and other lending-related activities are in the bank's assessment area. The remaining loan distribution analyses discussed in this performance evaluation only consider loans originated and purchased within the bank's assessment area.

### Lending to Borrowers of Different Incomes and to Business of Different Sizes

The bank's borrower distribution is considered excellent overall. From a product-level perspective, the bank's borrower distribution of residential real estate is excellent, while small business performance is reasonable. In reaching the overall conclusion, greater weight was given to residential mortgage lending performance because of the larger dollar volume of such lending.

#### Home Mortgage Lending

The borrower distribution performance of residential real estate lending is considered excellent overall. From a loan category perspective, performance of both the bank's home purchase and refinance lending is considered excellent.

Given the relatively small number of home improvement loans originated by the bank during 2023 and 2024, these loans were not evaluated or considered when assessing the bank's lending performance.

Distribution of 2023 and 2024 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Ashe County, NC NonMSA													
Borrower Income Level	Bank And Aggregate Loans By Year											Families by Family Income %	
	2023						2024						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%		\$%
<b>Home Purchase Loans</b>													
Low	0	0.0	1.2	0	0.0	0.5	1	2.1	10	75	0.5	0.4	17.8
Moderate	2	4.9	4.9	260	1.8	2.2	4	8.3	4.7	575	3.7	2.4	17.3
Middle	8	19.5	11.5	1,769	12.0	6.8	3	6.3	10.2	716	4.6	6.0	19.0
Upper	28	68.3	70.0	11,588	78.7	78.5	40	83.3	70.0	14,167	91.2	77.7	46.0
Unknown	3	7.3	12.4	1,115	7.6	11.9	0	0.0	14.0	0	0.0	13.6	0.0
<b>Total</b>	<b>41</b>	<b>100.0</b>	<b>100.0</b>	<b>14,731</b>	<b>100.0</b>	<b>100.0</b>	<b>48</b>	<b>100.0</b>	<b>100.0</b>	<b>15,532</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>													
Low	0	0.0	3.6	0	0.0	1.6	3	13.6	3.0	248	4.6	1.0	17.8
Moderate	6	31.6	11.3	690	17.8	6.6	2	9.1	10.8	323	6.0	6.0	17.3
Middle	3	15.8	18.7	404	10.4	14.0	7	31.8	15.9	1,265	23.6	10.9	19.0
Upper	9	47.4	54.9	1,956	50.5	60.1	8	36.4	54.1	1,782	33.3	63.6	46.0
Unknown	1	5.3	11.6	822	21.2	17.7	2	9.1	16.2	1,738	32.5	18.5	0.0
<b>Total</b>	<b>19</b>	<b>100.0</b>	<b>100.0</b>	<b>3,872</b>	<b>100.0</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>100.0</b>	<b>5,355</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>													
Low	0	0.0	6.1	0	0.0	2.6	0	0.0	10	0	0.0	0.3	17.8
Moderate	0	0.0	14.4	0	0.0	9.6	0	0.0	10.9	0	0.0	4.4	17.3
Middle	0	0.0	20.1	0	0.0	14.5	0	0.0	19.7	0	0.0	10.8	19.0
Upper	1	100.0	56.8	150	100.0	71.0	0	0.0	64.8	0	0.0	77.5	46.0
Unknown	0	0.0	2.6	0	0.0	2.4	0	0.0	3.6	0	0.0	7.1	0.0
<b>Total</b>	<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>150</b>	<b>100.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>													
Low	0	0.0	2.7	0	0.0	1.0	4	5.6	14	323	1.5	0.6	17.8
Moderate	8	12.7	7.6	950	4.9	3.2	6	8.3	7.2	898	4.2	3.2	17.3
Middle	11	17.5	14.6	2,173	11.3	8.2	10	13.9	13.1	1,981	9.3	7.2	19.0
Upper	40	63.5	64.8	14,221	73.8	75.7	49	68.1	65.5	16,200	76.4	74.8	46.0
Unknown	4	6.3	10.3	1,937	10.0	11.8	3	4.2	12.7	1,813	8.5	14.1	0.0
<b>Total</b>	<b>63</b>	<b>100.0</b>	<b>100.0</b>	<b>19,281</b>	<b>100.0</b>	<b>100.0</b>	<b>72</b>	<b>100.0</b>	<b>100.0</b>	<b>21,213</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2024 FFIEC Census Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.  
Multifamily loans are not included in the borrower distribution analysis.

*Home Purchase*

During 2023, LB did not originate any home purchase loans to low-income borrowers. While 17.6% of families within the assessment area are low-income, only 1.2% of the reported aggregate lending was to low-income borrowers, which suggests a low level of viable demand for home purchase loans from low-income borrowers. LB’s percentage of home purchase loans to moderate-income borrowers also lagged the percentage of moderate-income families (17.2%) but equaled the aggregate lending percentage (4.9%). Overall, the level of home purchase lending in 2023 is considered reasonable.

During 2024, LB’s percentage of home purchase lending to low-income borrowers (2.1%) lagged the percentage of area low-income families (17.8%) but exceeded the aggregate reporters’ level of lending (1%). LB’s percentage of home purchase loans to moderate-income borrowers (8.3%) also lagged the percentage of area moderate-income families (17.3%), but it significantly exceeded the aggregate lending level (4.7%). Overall, the bank’s level of lending during 2024 is considered excellent.

LB's home purchase lending performance is considered excellent overall. When considering performance by year, home purchase lending is reasonable in 2023 and excellent in 2024. The overall conclusion reflects the strength of the bank's performance during 2024.

### *Refinance*

During 2023, LB did not originate any refinance loans to low-income borrowers. With 17.6% of all area families being low-income and 3.6% of aggregate lending being to low-income borrowers, there was demand for such loans within the assessment area; however, the aggregate lending percentage suggests that the volume of viable demand was relatively low. Conversely, the percentage of the bank's refinance lending to moderate-income borrowers (31.6%) significantly exceeded the percentage of area moderate-income families (17.2%) and the aggregate lending level (11.3%). The bank's performance is considered excellent because of its moderate-income borrower lending performance.

During 2024, the bank's percentage of refinance lending to low-income borrowers (13.6%) slightly lagged the percentage of area low-income families (17.8%) but substantially exceeded the percentage of aggregate lending to low-income borrowers (3%). LB's lending to moderate-income borrowers (9.1%) also lagged the percentage of area moderate-income families (17.3%) but approximated the percentage of aggregate lending to such borrowers (10.8%). The bank's performance is considered excellent largely because of its low-income borrower performance.

While the bank's performance during 2023 and 2024 is considered excellent for different reasons, its overall performance is excellent.

### Small Business Lending

The borrower distribution performance of small business lending is considered reasonable.

Distribution of 2023 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Ashe County, NC NonMSA							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	
<b>By Revenue</b>							
<b>\$1 Million or Less</b>	16	53.3	64.1	4,114	57.7	49.9	92.5
<b>Over \$1 Million</b>	13	43.3		2,896	40.6		5.9
<b>Revenue Unknown</b>	1	3.3		122	1.7		1.6
<b>Total</b>	30	100.0		7,132	100.0		100.0
<b>By Loan Size</b>							
<b>\$100,000 or Less</b>	12	40.0	95.4	423	5.9	49.3	
<b>\$100,001 - \$250,000</b>	8	26.7	2.1	1,541	21.6	11.8	
<b>\$250,001 - \$1 Million</b>	10	33.3	2.5	5,168	72.5	38.9	
<b>Total</b>	30	100.0	100.0	7,132	100.0	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>							
<b>\$100,000 or Less</b>	6	37.5		181	4.4		
<b>\$100,001 - \$250,000</b>	4	25.0		831	20.2		
<b>\$250,001 - \$1 Million</b>	6	37.5		3,102	75.4		
<b>Total</b>	16	100.0		4,114	100.0		
<i>Source: 2023 FFIEC Census Data 2023 Dun &amp; Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>							
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>							

According to D&B data from 2023, 92.5% of all area businesses have annual revenues of \$1 million or less. While the bank’s percentage of small businesses loans to businesses with revenues of \$1 million or less (53.3%) lagged the percentage of area businesses with revenues of \$1 million or less, it approximated the percentage of aggregate lending (64.1%). The remaining percentage of small business loans reported by the aggregate lenders either had revenue exceeding \$1 million per year or revenues were unknown. With respect to the distribution by loan size, 40% of the bank’s small business loans during 2023 were in amounts of \$100,000 or less compared to 94.9% of such lending by aggregate reporters. Overall, the bank’s performance during 2023 is considered reasonable and the conclusion is driven largely by the bank’s performance when compared to the aggregate lenders’ performance for loans of \$1 million or less.

### Geographic Distribution of Loans

The bank’s geographic distribution performance is considered reasonable for both its residential mortgage and small business lending.

When considering the distribution of loans across the assessment area, no unexplained gaps in the bank’s lending were noted. While the bank’s assessment area includes whole, contiguous counties, it does not contain any low-income census tracts.

#### Home Mortgage Lending

LB’s geographic distribution performance of residential real estate lending is considered reasonable overall.

Given the relatively small number of home improvement and lack of multifamily loans originated by the bank during 2023 and 2024 within the assessment area, these loan categories were not evaluated or considered when assessing the bank’s lending performance.

Distribution of 2023 and 2024 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Ashe County, NC NonMSA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2023						2024						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	#	\$ (000)	\$ %	\$ %	#	%	#	\$ (000)	\$ %	\$ %	
<b>Home Purchase Loans</b>													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	3	7.3	4.5	530	3.6	3.0	1	2.1	5.1	370	2.4	3.3	8.6
Middle	14	34.1	34.9	4,838	32.8	28.5	20	41.7	37.5	5,342	34.4	30.2	50.3
Upper	21	51.2	57.1	8,333	56.6	65.7	25	52.1	54.4	9,495	61.1	64.1	38.3
Unknown	3	7.3	3.5	1,031	7.0	2.9	2	4.2	2.9	325	2.1	2.4	2.8
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>41</b>	<b>100.0</b>	<b>100.0</b>	<b>14,731</b>	<b>100.0</b>	<b>100.0</b>	<b>48</b>	<b>100.0</b>	<b>100.0</b>	<b>15,532</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	5.3	7.7	215	5.6	6.0	1	4.5	5.1	261	4.9	3.4	8.6
Middle	15	78.9	45.7	2,989	77.2	38.6	11	50.0	43.8	1,597	29.8	36.0	50.3
Upper	3	15.8	44.5	668	17.3	53.5	7	31.8	48.3	2,829	52.8	58.1	38.3
Unknown	0	0.0	2.1	0	0.0	1.8	3	13.6	2.7	668	12.5	2.5	2.8
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>19</b>	<b>100.0</b>	<b>100.0</b>	<b>3,872</b>	<b>100.0</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>100.0</b>	<b>5,355</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	3.9	0	0.0	2.0	0	0.0	5.2	0	0.0	2.1	8.6
Middle	1	100.0	49.3	150	100.0	42.0	0	0.0	44.6	0	0.0	26.6	50.3
Upper	0	0.0	43.2	0	0.0	53.1	0	0.0	48.7	0	0.0	70.2	38.3
Unknown	0	0.0	3.5	0	0.0	2.9	0	0.0	1.6	0	0.0	1.1	2.8
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>150</b>	<b>100.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Multifamily Loans</b>													<b>Multi-family Units %</b>
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	2.1
Middle	0	0.0	60.0	0	0.0	13.9	0	0.0	40.0	0	0.0	48.2	8.1
Upper	0	0.0	40.0	0	0.0	86.1	0	0.0	60.0	0	0.0	51.8	64.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	25.4
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>													<b>Owner Occupied Units %</b>
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	4	6.3	4.7	745	3.9	3.2	2	2.8	5.2	631	3.0	3.2	8.6
Middle	32	50.8	39.6	8,504	44.1	30.2	32	44.4	40.3	7,190	33.9	31.2	50.3
Upper	24	38.1	52.6	9,001	46.7	64.0	33	45.8	51.8	12,400	58.5	63.2	38.3
Unknown	3	4.8	3.1	1,031	5.3	2.6	5	6.9	2.7	993	4.7	2.4	2.8
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>63</b>	<b>100.0</b>	<b>100.0</b>	<b>19,281</b>	<b>100.0</b>	<b>100.0</b>	<b>72</b>	<b>100.0</b>	<b>100.0</b>	<b>21,213</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2024 FFIEC Census Data

2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

*Home Purchase*

During 2023, the bank’s level of lending in moderate-income census tracts (7.3%) approximated the percentage of owner-occupied housing units (8.6%) and substantially exceeded the aggregate level of lending (4.5%) within such tracts. Overall, LB’s level of lending during 2023 is considered excellent.

During 2024, the bank’s level of lending in moderate-income census tracts (2.1%) significantly lagged the percentage of owner-occupied housing units (8.6%) and the aggregate level of lending (5.1%) within such tracts and is considered poor.

LB’s home purchase lending performance is considered reasonable overall. When considering performance by year, home purchase lending during 2023 is excellent and poor during 2024. In reaching the overall conclusion, the loan category performance was weighted similarly because of the similar dollar volume of lending. The overall conclusion also reflects the strength of performance for each year.

*Refinance*

During 2023, the bank’s level of lending in moderate-income census tracts (5.3%) approximated the percentage of owner-occupied housing units (8.6%) and the aggregate lending (7.7%) in moderate-income census tracts. Overall, the bank’s level of lending is considered reasonable, and its performance during 2024 is substantially similar. The bank’s refinance lending is considered reasonable overall.

Small Business Lending

The geographic distribution performance of small business lending is considered reasonable.

Distribution of 2023 Small Business Lending By Income Level of Geography							
Assessment Area: Ashe County, NC NonMSA							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	3.3	4.3	15	0.2	1.8	4.2
Middle	12	40.0	36.9	2,228	31.2	32.2	35.4
Upper	10	33.3	46.6	3,453	48.4	53.1	45.7
Unknown	7	23.3	11.2	1,436	20.1	12.6	14.7
Tract-Unk	0	0.0	0.9	0	0.0	0.3	
<b>Total</b>	<b>30</b>	<b>100.0</b>	<b>100.0</b>	<b>7,132</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2023 FFIEC Census Data  
2023 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

As previously noted, the bank’s assessment area does not contain any low-income census tracts. The bank’s level of lending in moderate-income census tracts (3.3%) approximated the percentage of area business (4.2%) as well as the aggregate reporter’s level of lending (4.3%) in such tracts. The bank’s performance is considered reasonable.

## Community Development Loans, Investments, and Services

Overall, the bank demonstrated an adequate level of responsiveness to local community development needs through its lending, investment, and service activities that support area organizations and facilitate community development within the assessment area during the evaluation period.

Discussion with an individual knowledgeable of the local community and the review of performance evaluations of other financial institutions operating within the assessment area indicate that local community development opportunities are limited within the assessment area. The bank faces no constraints in providing community development loans, investments, or services consistent with its capacity and available opportunities.

The following summarizes the bank's overall community development activity directly benefiting its assessment area during the evaluation period.

- Community Development Loans – Ten loans totaling \$1,998,150. Of these ten loans, three loans (\$879,000 ) provided affordable housing, three loans (\$115,100) supported organizations providing services to low-and moderate-income people, and four loans (\$1,004,050) revitalized or stabilized underserved middle-income census tracts within the assessment area.
- Qualified Donations – Eighty-seven donations totaling \$238,093. Of these 87 donations, seven (\$5,350) were made to qualifying affordable housing organizations, 64 donations (\$143,543) were made to organizations that provided community services to low- and moderate-income people, and 16 donations (\$89,200) were made to organizations that support revitalization or stabilization efforts in underserved middle-income census tracts and designated disaster areas.
- Community Development Services – Three employees provided community development services to five different organizations within the assessment area. Additionally, numerous bank employees taught financial literacy classes to three schools in areas with predominately low- and moderate-income residents.

In addition to the activities noted above, some of the bank's qualified community development activities benefited the broader regional area including the bank's assessment area.

- Community Development Loans – The bank participated in funding 20 affordable housing participation loans totaling \$5.6 million. LB has also committed to participate in the funding of 19 additional affordable housing loans totaling \$9.4 million.
- Qualified Donations – The bank made seven donations totaling \$3,510 to organizations that provided community services to low- and moderate-income people.
- Community Development Services – Two of the bank's employees provided community development services to two different affordable housing organizations that benefited the broader statewide area.

## 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.

## CRA APPENDIX A: 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 and Community Development 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 and Community Development 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.