



PUBLIC DISCLOSURE

April 30, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

New Republic Savings Bank
Charter Number 715223

420 Becker Drive
Roanoke Rapids, NC 27870

Office of the Comptroller of the Currency

212 South Tryon
Suite 700
Charlotte, NC 28281

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, 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'S CRA RATING: This institution is rated Satisfactory

Summarize the major factors supporting the institution's rating.

- The major factors that support this rating include:
- The bank's quarterly average loan-to-deposit (LTD) ratio is reasonable;
- A majority of the bank's loans are made within its assessment areas (AAs);
- The distribution of loans to borrowers of different income levels reflects reasonable penetration;
- The geographic distribution of loans within its AA reflects reasonable dispersion; and
- There were no complaints received during the evaluation period.

SCOPE OF EXAMINATION

We performed a full-scope evaluation of New Republic Savings Bank (New Republic) performance using the small bank Community Reinvestment Act (CRA) examination procedures. Based upon the bank's strategy and the loans originated during the evaluation period, we determined that home mortgage loans are the bank's primary loan product. As a result, we reviewed the home mortgage loans subject to filing under the Home Mortgage Disclosure Act (HMDA).

The evaluation period for home mortgage loans is January 1, 2011 through December 31, 2013. The evaluation period for the loan-to-deposit ratio is December 1, 2008 through December 31, 2013.

The lending analysis from January 1, 2011 to December 31, 2011 will have no detailed tables or narrative since it is consistent with the bank's geographic distribution and borrower distribution for the 2012 and 2013 analysis. The time period between January 1, 2012 and December 31, 2013 is more reflective of the bank's lending activity.

Data Integrity

In September 2013, we conducted an evaluation of the integrity of the bank's publicly filed HMDA information to verify the accuracy of the data. The test included an evaluation of the bank's processes to ensure that the data was reliable. The bank's processes, procedures, and internal controls for HMDA data collection, verification, and reporting are satisfactory. No systemic reporting errors or problems were identified. This evaluation is based on accurate data.

DESCRIPTION OF INSTITUTION

New Republic is a federally chartered, stock savings company headquartered in Roanoke Rapids, North Carolina. As of December 31, 2013, the bank had total assets of \$58.7 million and 1-4 family residential real estate loans comprised 60 percent of total assets. The bank's tier one capital is \$6.6 million and the bank's risk based capital is \$7.1 million.

New Republic conducts business from its main office. The main office is located in Roanoke Rapids, North Carolina and an additional branch is located in Rocky Mount, North Carolina. The main office and branch are located in middle-income census tracts. The branch locations provide automated teller machines (ATMs) and drive-up teller windows. During the evaluation period, the bank closed the Henderson branch in May 2010, which was located in Vance County, North Carolina.

The bank operates as a traditional savings association, concentrating on the origination of fixed rate mortgage loans and the acceptance of deposits. The institution primarily offers fixed rate mortgage loans for the purchase, refinance, and construction of single-family dwellings. The bank's deposits are primarily comprised of money market accounts, brokered deposits, and certificate of deposit accounts. The table below reflects the distribution of the bank's loan portfolio as of December 31, 2013.

New Republic Savings Bank			
Distribution of Loan Portfolio as of December 31, 2013			
Loan Type	Amount by Loan Type (\$000s)	Total Amount of Loans (\$000s)	% of Total Loans
<i>Commercial Real Estate including Commercial & Industrial</i>		<i>\$13,649</i>	<i>26.10%</i>
Non-farm Non-residential Properties	\$7,325		
Construction and Land Development	\$5,489		
Commercial and Industrial	\$487		
Secured by Farmland	348		
<i>Residential Real Estate, including Multifamily</i>		<i>\$38,390</i>	<i>73.44%</i>
1-4 Family Residential Secured by 1 st liens	\$34,361		
1-4 Family Residential Secured by junior liens	\$0		
1-4 Family Residential, open-end	\$2,959		
Multifamily (5 or more) Residential	\$380		
Construction 1-4 Family	\$690		
<i>Consumer</i>		<i>\$233</i>	<i>0.44%</i>
Total Loans		\$52,272	100%

There are no known legal, financial or other factors impeding New Republic's ability to help meet the credit needs of its AA. The bank received a "Satisfactory" CRA rating in the last CRA public evaluation dated December 22, 2008.

DESCRIPTION OF ASSESSMENT AREA(S)

New Republic has defined the entire counties of Halifax and Nash Counties as its AA. The bank's AA includes a total of 30 census tracts. Nash County is included in the Metropolitan Statistical Area (MSA) of Rocky Mount-Wilson-Roanoke Rapids. Halifax County is included in the Micropolitan Statistical Area, which is not a part of the Metropolitan Statistical Area (Non-MSA). The bank's AA complies with the technical requirements of the CRA and does not arbitrarily exclude low- or moderate-income census tracts.

Competition within the AA is strong and includes many financial options. As of June 30, 2013, the Federal Deposit Insurance Corporation (FDIC) reported fourteen financial institutions, with fifty-five offices, operating in Halifax and Nash Counties. Such banks hold over \$2 billion in deposits. New Republic's market share was 2.42 percent. Large regional or national institutions held thirty three percent of the market share within the counties. Non-bank institutions offer additional financial services. Major competitors also include offices/branches of large, regional, and several community banks.

During the evaluation, we made a community contact to determine the credit needs and economic conditions within the AA. The contact noted that the area has one of the highest illiteracy rates within the state, which affects businesses moving into the AA. In addition, the unemployment levels remain stagnant and well above the state of North Carolina's average. The contact noted that one of the opportunities for participation by local institutions is to work with the low-income population and teach basic budgeting and finance skills.

Halifax County Non-MSA AA

According to the U.S. Census data, between 2000 and 2010 Halifax County AA had an increase in census tract from 11 to 12. The 12 census tracts are composed of zero low-income, five moderate-income, six middle-income, and one upper-income census tracts. Based upon the U.S. Census data, between 2000 and 2010 the county's population increased four percent to 59,691. Education, healthcare, and manufacturing primarily supports the local economy. The five largest employers in the county are Halifax Regional Medical Center, Halifax County Schools, County of Halifax, Kapstone Kraft Paper Corporation, and the Department of Public Safety. According to the U.S. Bureau of Labor Statistics, Halifax County annual unemployment rate for 2013 is 11.5 percent, which significantly exceeds the annual unemployment rate for the state of North Carolina of 8 percent. The following table summarizes certain demographic characteristics in the Halifax County AA.

Demographic Information for Halifax County Non-MSA AA						
Based upon 2010 U.S. Census Data						
	CENSUS TRACT INCOME LEVEL¹					
		TOTAL	LOW	MODERATE	MIDDLE	UPPER
CENSUS TRACTS/BNAs	#	12	0	5	6	1
Population	#	54,691	0	23,755	25,626	5,310
By Location		100.00%	0%	43.43%	46.85%	9.72%
% Owner Occupied		100.00%	0%	52.95%	54.49%	51.18%
% Renter Occupied		100.00%	0%	29.87%	28.40%	39.38%
% Vacant		100.00%	0%	17.18%	17.12%	9.45%
Median Housing Value		\$92,409	\$0	\$71,330	\$99,690	\$146,600
Updated Median Family Income (MFI) For 2010		\$40,743				
% Of Families Below Poverty Level		19.05%				

Nash County MSA AA

According to the U.S. Census data, between 2000 and 2010 Nash County AA had an increase in census tracts from 17 to 18. The 18 census tracts are composed of zero low-income, two moderate-income, nine middle-income, and seven upper-income census tracts. Based upon the U.S. Census data, between 2000 and 2010 the county’s population increased six percent to 95,840. Education and health services, manufacturing, and public administration are the primary industries that support the local economy. The five largest employers in the county are Nash-Rocky Mount Schools, Nash General Hospital, Consolidated Diesel Company, Universal Leaf North America NC Inc., and the County of Nash. According to the U.S. Bureau of Labor Statistics, Nash County annual unemployment rate for 2013 is 10.9 percent, which significantly exceeds the annual unemployment rate for the state of North Carolina of 8 percent. The following table summarizes certain demographic characteristics in the Nash County AA.

Demographic Information Nash County MSA AA						
Based upon 2010 U.S. Census Data						
	CENSUS TRACT INCOME LEVEL²					
		TOTAL	LOW	MODERATE	MIDDLE	UPPER
CENSUS TRACTS/BNAs	#	18	0	2	9	7
Population	#	95,840	0	8,511	52,321	35,008
By Location		100.00%	0%	8.76%	60.57%	30.67%
% Owner Occupied		100.00%	0%	29.54%	57.71%	66.26%
% Renter Occupied		100.00%	0%	47.00%	34.20%	26.06%
% Vacant		100.00%	0%	23.46%	8.10%	7.68%

¹ The Median Family Income (MFI) of a low-income census tract is <50% of the MFI of the MSA in which it is located. Similarly, a moderate-income tract is ≥50%, but <80%; a middle-income tract is ≥80%, but <120%; and an upper-income tract is ≥120%.

² The Median Family Income (MFI) of a low-income census tract is <50% of the MFI of the MSA in which it is located. Similarly, a moderate-income tract is ≥50%, but <80%; a middle-income tract is ≥80%, but <120%; and an upper-income tract is ≥120%.

Median Housing Value		\$114,909	\$0	\$72,918	\$109,903	\$136,178
Updated Median Family Income (MFI) For 2010		\$57,764				
% Of Families Below Poverty Level		10.73%				

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

New Republic’s overall lending performance is satisfactory. This conclusion is based upon the results of the following specific lending tests used to determine if the bank is meeting the credit needs of the AA. All criteria of the specific lending tests are documented below.

Loan-to-Deposit Ratio

New Republic's loan-to-deposit (LTD) ratio is reasonable considering the bank's size, financial condition, economic factors, and lending opportunities available within the AAs. Since the last CRA examination in December 2008, the bank's quarterly average LTD ratio for the 20 quarters is 109.52 percent. The bank's LTD ratio ranged from a quarterly low of 102.70 percent to a quarterly high of 113.18 percent. In comparison, the quarterly average LTD ratio among similar sized financial institutions in North Carolina is 89.69 percent. The peer average LTD ratio over the same 20 quarters ranged from a low of 68.30 percent to a high of 89.69 percent.

Lending in Assessment Area

A majority of the bank's home mortgage loans are inside the AA. During the evaluation period, 62.1% of the total number and 53.15% of the total dollar were originated within the bank’s AA. Table 1 compares the bank's record of HMDA reportable loan originations inside and outside the combined AAs.

Table 1 – Home Mortgage Loans Originated In and Outside of the Assessment Area January 1, 2011 through December 31, 2013						
Loan Type	% Inside Area		% Outside Area		Total	
	#	\$(000)	#	\$(000)	#	\$(000)
Mortgage Loans	213	22,991	130	20,263	343	43,254

Lending to Borrowers of Different Incomes

The overall distribution of home mortgage loans reflects reasonable penetration among borrowers of different income levels.

Halifax County Non-MSA AA

The bank's distribution of loans reflects reasonable penetration among borrowers of different income levels in the Halifax County AA. Table 2 presents the percentage of lending to

borrowers of different income levels in the AA and compares it to the percentage of families in each income category. The distribution of loans to low-income borrowers was poor compared to the percentage of low-income families in the AA. The bank’s ability to originate mortgage loans to low-income borrowers may be impacted by family poverty levels, high unemployment rate, and economic conditions. According to 2010 U.S. Census data, 19.05 percent of the total families in the AA are below the poverty level. Families below the poverty level may lack financial resources to obtain mortgage loans. In addition, the unemployment rate in the AA for 2013 was 11.5 percent, which was higher than the unemployment rate for the state of North Carolina. The distribution of loans to moderate-income borrowers is slightly below the percentage of moderate-income families within the county.

New Republic’s percentage of lending activity to borrowers of different income levels was compared to the lending activity of other lenders in the AA subject to HMDA reporting requirements. The bank's distribution of loans to low-income borrowers was slightly below the percentage of loans to low-income borrowers originated by other lenders. The bank's distribution of loans to moderate-income borrowers exceeded the percentage of lending to moderate-income borrowers by other lenders.

Table 2 Borrower Income Level Halifax County Non-MSA	New Republic (2012-2013)		2012 Aggregate HMDA	Distribution of Families In AA
	Number of Loans	Percent of Loans		
Low = <50%	3	3.41%	8.68%	30.47%
Moderate = 50-79%	13	14.77%	13.97%	18.05%
Middle = 80-119%	20	22.73%	21.76%	19.07%
Upper = ≥ 120%	52	59.09%	49.56%	32.40%
**Total	88	100.00%	100.00%	100.00%

Source 2012-2013 HMDA Data, 2012 Peer HMDA, and 2010 U.S. Census Data

Nash County MSA AA

The bank's distribution of loans reflects reasonable penetration among borrowers of different income levels in the Nash County AA. Table 3 presents the percentage of lending to borrowers of different income levels in the AA and compares it to the percentage of families in each income category. The distribution of loans to low-income borrowers was poor compared to the percentage of low-income families in the AA. The bank’s ability to originate loans to low-income borrowers may be impacted by family poverty levels, high unemployment, and economic conditions. According to 2010 U.S. Census data, 10.73 percent of the total families in the AA are below the poverty level. Families below the poverty level may lack financial resources to obtain mortgage loans. In addition, the unemployment rate for 2013 in the AA is 10.9 percent, which is higher than the unemployment rate for the state of North Carolina. The distribution of loans to moderate-income borrowers is slightly below the percentage of moderate-income families.

New Republic’s percentage of lending activity to borrowers of different income levels was compared to the lending activity of other lenders in the AA subject to HMDA reporting requirements. The bank had no lending to low-income borrowers, which reflects poor distribution of loans when compared to other lenders with a 4.56 percent. The bank's distribution

of loans to moderate-income borrowers was slightly below the percentage of lending to moderate-income borrowers by other lenders.

Table 3 Borrower Income Level	New Republic (2012-2013)		2012 Aggregate HMDA	Distribution of Families In AA
	Number of Loans	Percent of Loans		
Low = <50%	0	0%	4.56%	18.84%
Moderate = 50-79%	5	9.43%	14.71%	15.71%
Middle = 80-119%	9	16.98%	24.81%	19.58%
Upper = ≥ 120%	39	73.58%	55.91%	45.87%
**Total	53	100.00%	100.00%	100.00%

Source 2012-2013 HMDA Data, 2012 Peer HMDA and 2010 U.S. Census Data; Does not include loans for which borrower income was not considered

Geographic Distribution of Loans

New Republic’s overall geographic distribution of loans within the AA is reasonable and meets the standards for satisfactory performance.

Halifax County Non-MSA AA

The geographic distribution of loans reflects reasonable dispersion in the Halifax County AA. Based upon 2010 U.S. Census data, there are no low-income census tracts in Halifax County. Table 4 presents the geographic distribution of loans compared to the percentage of owner-occupied housing units in each census tract. The distribution of loans in moderate-income census tracts was below the percentage of owner-occupied housing units in moderate-income census tracts. Management stated that the poor economic conditions and high levels of unemployment attributed to the distribution of loans to moderate-income census tracts

Table 4 – Geographic Distribution of Loans By Census Tract Income Level in the Halifax County Non-MSA AA January 1, 2012 through December 31, 2013				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate (or Peers)
Low	0.00%	0.00%	0.00%	0.00%
Moderate	16.67%	13.20%	41.01%	26.18%
Middle	67.78%	86.80%	49.86%	59.85%
Upper	15.56%	15.12%	9.13%	13.97%
Total # or \$	90	\$3,848	100.00%	100.00%

The geographic distribution of loans was compared to the Aggregate 2012 HMDA lending data. Aggregate data for 2013 is not yet available. The table above compares the bank's distribution of loans to other lenders subject to the HMDA reporting requirements in the AA. The bank's distribution of loans in moderate-income census tracts was slightly below percentage of lending of other lenders.

Nash County MSA AA

The geographic distribution of loans reflects reasonable dispersion in Nash County AA. Based upon 2010 U.S. Census data, there are no low-income census tracts and there are only two moderate-income tracts in the AA. The Table 5 presents the geographic distribution of loans compared to the percentage of owner-occupied housing units in each census tract. The distribution of loans in moderate-income census tracts was slightly below the percentage of owner-occupied housing units in moderate-income census tracts.

Table 5 – Geographic Distribution of Loans By Census Tract Income Level in the Nash County MSA AA January 1, 2012 through December 31, 2013				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate (or Peers)
Low	0.00%	0.00%	0.00%	0.00%
Moderate	1.72%	0.53%	5.44%	3.82%
Middle	53.45%	45.42%	55.47%	48.01%
Upper	44.83%	54.05%	39.09%	48.17%
Total # or \$	58	\$6,625	100.00%	100.00%

The geographic distribution of loans was compared to the Aggregate 2012 HMDA lending data. Aggregate data for 2013 is not yet available. The table above compares the bank's distribution of loans to other lenders subject to the HMDA reporting requirements in the AA. The bank's distribution of loans in moderate-income census tracts was a reasonable percentage when compared to other lenders.

Responses to Complaints

During the evaluation period, the bank did not receive any complaints related to their performance in meeting the credit needs of the AA.

Fair Lending or Other Illegal Credit Practices Review

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

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