Report at the close of business as of the end of fiscal year

This Report is required by law. Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844 (c)(1)(A)); Section 8(a) of the International Banking Act (12 U.S.C. § 3106(a)); Sections 11(a)(1), 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); Section 211.13(c) of Regulation K (12 C.F.R. § 211.13(c)); and Section 225.5(b) of Regulation Y (12 C.F.R. § 225.5(b)) and section 10(c)(2)(H) of the Home Owners’ Loan Act. Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

NOTE: The Annual Report of Holding Companies must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report.

I. Richard H. Moore

Name of the Holding Company Director and Official
CEO & President

Title of the Holding Company Director and Official

attest that the Annual Report of Holding Companies (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board’s “Rules Regarding Availability of Information,” 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Signature of Holding Company Director and Official
03/29/2016

Date of Signature

For holding companies not registered with the SEC—
Indicate status of Annual Report to Shareholders:
☐ is included with the FR Y-6 report
☐ will be sent under separate cover
☐ is not prepared

For Federal Reserve Bank Use Only

RSSLID:

C.I.

 Does the reporter request confidential treatment for any portion of this submission?
☐ Yes  Please identify the report items to which this request applies:
☐ In accordance with the instructions on pages GEN-2 and 3, a letter justifying the request is being provided.
☐ The information for which confidential treatment is sought is being submitted separately labeled “Confidential.”
☐ No

PUBLIC REPORTING BURDEN FOR THIS INFORMATION COLLECTION IS ESTIMATED TO VARY FROM 1.3 TO 101 HOURS PER RESPONSE, INCLUDING TIME TO GATHER AND MAINTAIN DATA IN THE REQUIRED FORM AND TO REVIEW INSTRUCTIONS AND COMPLETE THE INFORMATION COLLECTION. SEND COMMENTS REGARDING THIS BURDEN ESTIMATE OR ANY OTHER ASPECT OF THIS COLLECTION OF INFORMATION, INCLUDING SUGGESTIONS FOR REDUCING THIS BURDEN TO: SECRETARY, BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, 20TH AND C STREETS NW, WASHINGTON, DC 20551, AND TO THE OFFICE OF MANAGEMENT AND BUDGET, PAPERWORK REDUCTION PROJECT (7100-0297), WASHINGTON, DC 20503.

12/2015
Report Item 1: Annual Report to Shareholders.

See attached copies

Report Item 2 (A): Organizational Chart. See attachment.

Report Item 3 (1): 5% Shareholders: Page 2 of attached Proxy Statement

Wellington Management Company, LLP
Boston, MA 02210 (USA)
1,448,005 shares (7.33% of class)

Blackrock Inc.
New York, NY 10022 (USA)
1,217,887 shares (6.17% of class)

Basswood Capital Management
New York, NY 10022 (USA)
1,068,895 shares (5.41% of class)

Report Item 3 (2): Shareholders - Not Listed in Item 3 (1).

None

Report Item 4: Directors and Officers - See attachment and refer to pages 4 thru 8 of attached Proxy Statement.
**Actions**

OK: If the branch information is correct, enter "OK" in the Data Action column.

Change: If the branch information is incorrect or incomplete, revise the data, enter "Change" in the Data Action column and the date when the information first became valid in the Effective Date column.

Delete: If a branch listed was never owned by this Depository Institution, enter "Delete" in the Data Action column.

Add: If a reportable branch is missing, insert a row, add the branch data, and enter "Add" in the Data Action column and the opening or acquisition date in the Effective Date column.

**Submission Procedure**

When you have finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.

If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

**Note:**

To satisfy the FR Y-10 reporting requirements, you must also submit FR Y-10 Domicile branch Schedules for each branch with a Data Action of Change, Close, Delete, or Add. The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application – https://y10online.federalreserve.gov.
### Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>City, State or Country</th>
<th>Title and Position with:</th>
<th>Other Business Interests</th>
<th>% Control with Other Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mary Clara Capel</td>
<td>Troy, N.C. 27371 (USA)</td>
<td>Senior Management Capel, Inc. (rug manufacturer, importer and exporter)</td>
<td>Director</td>
<td>Director</td>
<td>See Column A &amp; C</td>
</tr>
<tr>
<td>Dennis A. Wicker</td>
<td>Raleigh, N.C. 27611 (USA)</td>
<td>Law Firm Partner</td>
<td>Director</td>
<td>Director</td>
<td>See Column A &amp; C</td>
</tr>
<tr>
<td>Frederick L. Taylor, II</td>
<td>Biscoe, N.C. 27209 (USA)</td>
<td>President Troy Lumber Company</td>
<td>Director</td>
<td>Director</td>
<td>See Column A &amp; C</td>
</tr>
<tr>
<td>Thomas F. Phillips</td>
<td>Carthage, N.C. 28327 (USA)</td>
<td>Automobile dealer and owner</td>
<td>Director</td>
<td>Director</td>
<td>See Column A &amp; C</td>
</tr>
<tr>
<td>Virginia C. Thomasson</td>
<td>Southern Pines, N.C. 28388 (USA)</td>
<td>CPA (Holden, Thomasson, &amp; Longfellow, P.C.)</td>
<td>Director</td>
<td>Director</td>
<td>See Column A &amp; C</td>
</tr>
<tr>
<td>James C. Crawford, III</td>
<td>Cheraw, S.C. 29520 (USA)</td>
<td>Private Investor</td>
<td>Director</td>
<td>Director</td>
<td>See Column A &amp; C</td>
</tr>
<tr>
<td>Daniel T. Blue, Jr.</td>
<td>Raleigh, N.C. 27604 (USA)</td>
<td>Law Firm Partner</td>
<td>Director</td>
<td>Director</td>
<td>See Column A &amp; C</td>
</tr>
<tr>
<td>Richard H. Moore</td>
<td>Kittrell, N.C. 27544 (USA)</td>
<td>BHC Officer</td>
<td>Dir / Pres &amp; CEO</td>
<td>Dir / CEO</td>
<td>N/A</td>
</tr>
<tr>
<td>O. Temple Sloan, III</td>
<td>Raleigh, N.C. 27604 (USA)</td>
<td>Private Investor</td>
<td>Director</td>
<td>Director</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### Executive Officers

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>City, State or Country</th>
<th>Title and Position with:</th>
<th>Other Business Interests</th>
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</thead>
<tbody>
<tr>
<td>Richard H. Moore</td>
<td>Kittrell, N.C. 27544 (USA)</td>
<td>BHC Officer</td>
<td>Dir / Pres &amp; CEO</td>
<td>Dir / CEO</td>
<td>N/A</td>
</tr>
<tr>
<td>Michael G. Mayer</td>
<td>Pinehurst, N.C. 28374 (USA)</td>
<td>BHC Officer</td>
<td>Executive Officer</td>
<td>President</td>
<td>N/A</td>
</tr>
<tr>
<td>Eric P. Credle</td>
<td>West End, N.C. 27378 (USA)</td>
<td>BHC Officer</td>
<td>EVP / CFO</td>
<td>EVP / CFO</td>
<td>N/A</td>
</tr>
<tr>
<td>Edward F. Soccourso</td>
<td>Pinehurst, N.C. 28374 (USA)</td>
<td>BHC Officer</td>
<td>EVP / Chief Strategy Officer</td>
<td>EVP / Chief Strategy Officer</td>
<td>N/A</td>
</tr>
</tbody>
</table>