



PUBLIC DISCLOSURE

February 25, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Wake Forest FS & LA
Charter Number 700143

302 S Brooks Street
Wake Forest, NC 27587-2902

Office of the Comptroller of the Currency

212 South Tryon Street, 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, and should not 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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Overall CRA Rating

The Institution is rated: Satisfactory

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 area (AA);
- The bank exhibited reasonable distribution of loans to borrowers of different income levels;
- The bank exhibited excellent geographic distribution of home mortgage loans in the AA; and
- There were no complaints received during the evaluation period.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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 MA/assessment area.

Census Tract (CT): 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 areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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: 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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 Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 conduct 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 applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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 Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., 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 MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions

Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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) 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.

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.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Description of Institution

Wake Forest Federal Savings and Loan Association (“Wake Forest” or “bank”) is a federally chartered stock savings association, which is wholly owned by Wake Forest Bancshares, Inc. (“Bancshares”), a mid-tier holding company and subsidiary of Wake Forest Bancorp Mutual Holding Company (MHC). Bancshares is a unitary, non-diversified holding company that was created in March 1996. Wake Forest and Bancshares are both headquartered in Wake Forest, North Carolina, from where the bank operates its only office.

As of December 31, 2017, Wake Forest reported total assets of \$104.2 million and a tier 1 leverage capital of 21.89 percent and total risk based capital of 41.59 percent. Net outstanding loans were \$57.7 million and represented 55.39 percent of total assets. The bank operates as a traditional savings association and it continues to offer home loans, both owner occupied and investor owned; construction loans to builders secured by 1-4 family residential properties; and other small commercial real estate loans. It offers a wide range of deposit products including personal and business checking, savings, and money market accounts. Other services include online banking, bill pay, debit cards that are ATM accessible, and a non-deposit taking drive-through ATM at its office. The bank’s current and long-term objectives include meeting the needs of customers, sustaining profitability, growing in a safe and sound manner, maintaining acceptable levels of interest rate risk and sound underwriting standards, and remaining an equal credit opportunity lender.

Wake Forest continues to concentrate operations in the origination of loans secured by 1-4 family single-family dwellings. These loans are made to individuals for personal use, to commercial builders, and to investors. The closed-end 1-4 family residential loan portfolio continues to represent the largest loan portfolio, totaling \$26.9 million or 46.70 percent of net loans. The bank has been most active in 1-4 family construction lending during the review period. This portfolio, which converts to permanent financing every 12 to 18 months, averaged \$9.2 million over the 15 quarters since June 30, 2014, and totaled \$10.7 million or 18.60 percent of net loans at December 31, 2017. The level of 1-4 family construction lending reflects the population growth in the AA, the bank’s long term presence and positive reputation in the community, and the niche of builders its serves. As a community bank, Wake Forest does not originate mortgage loans for sale on the secondary market.

The bank’s AA consists of twelve contiguous census tracts. Nine are located in northern Wake County, where Wake Forest’s only office is located, and three are located in southern Franklin County. Wake Forest’s sole office is in a moderate-income tract. The AA does not arbitrarily exclude any low-income or moderate-income census tracts. Refer to Appendix B for additional information about the demographic composition of the AA.

Wake Forest has not been involved in any mergers or acquisitions since the prior CRA examination and there are no legal, financial, or other factors impeding its ability to help meet the credit needs of its AA. Wake Forest received a “Satisfactory” Community Reinvestment Act (CRA) rating at the last CRA public evaluation dated July 8, 2014.

Scope of the Evaluation

Evaluation Period/Products Evaluated

Wake Forest's CRA performance was assessed using the small bank Community Reinvestment Act (CRA) examination procedures, which includes a lending test to determine whether the bank is meeting the credit needs of its AA. We also consider community development lending in the AA. We analyzed home mortgage loans that the bank reported under the Home Mortgage Disclosure Act (HMDA) for the period of January 1, 2015 through December 31, 2017. The evaluation period for the loan-to-deposit ratio is July 9, 2014 through December 31, 2017. We relied on data through 2017, since 2018 data had not been filed by the start of our data integrity examination.

The U.S. Census Bureau released updated demographic census data based upon the 2015 American Community Survey (ACS), which became effective January 1, 2017. Due to this census change, we analyzed 2015 and 2016 lending activity separate from 2017 lending activity. Analysis of 2015 and 2016 lending activity was compared to 2010 Census data. Analysis of 2017 lending activity was compared to 2015 ACS Census data. Peer HMDA data was based upon 2015, 2016, and 2017 Aggregate HMDA information for reporting financial institutions that reported lending activity within the AA.

Data Integrity

In December 2018, we conducted an evaluation of the integrity of Wake Forest's publicly filed HMDA information for the period of January 1, 2015, through December 31, 2017. The test included an evaluation of the bank's process to ensure that the data was reliable. We found that the processes, procedures, and internal controls for HMDA data collection, verification, and reporting are satisfactory. Our review disclosed no systemic reporting errors or problems.

Selection of Areas for Full-Scope Review

We completed a full scope review on Wake Forest's AA consisting of 12 census tracts located in Wake and Franklin Counties. Refer to the table in Appendix A for more information.

Ratings

The bank's overall rating is based on the full scope review of the bank's performance in the Wake Forest AA.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

Wake Forest's lending performance under the lending test 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. Also considered in this evaluation was Wake Forest's support of community development needs through the Centrant Community Capital ("Centrant") loan participation program. All criteria of the specific lending tests are documented below.

Loan-to-Deposit Ratio

Wake Forest's LTD ratio is reasonable given the bank's size, financial condition and AA credit needs. The bank's quarterly average LTD for the 15 quarters since the last CRA examination in July 8, 2014 is 71.19 percent. Wake Forest's average LTD ratio ranged from a low of 64.59 percent to a high of 79.41 percent. In comparison, the average LTD ratio of similarly situated local lenders in the bank's AA is 78.35 percent. The peer average LTD ratio ranged from a low of 60.51 percent to a high of 91.35 percent.

Although the bank's LTD is lower than that of other lenders, it is considered reasonable due to several factors. The bank has a high level of competition within the Wake Forest AA, as described in Appendix B. The bank is small and has limited loan products. In addition, management's strategy is to maintain high levels of liquidity and loan quality.

Lending in Assessment Area

Wake Forest originates a majority of its home mortgage loans inside the AA. During the evaluation period, our review of HMDA loans revealed that 49 percent in number and 61 percent in dollar volume are made in the AA. The table below highlights the bank's lending performance of loans originated within the AA.

| Table D - Lending Inside and Outside of the Assessment Area | | | | | | | | | | |
|--|------------------------|----------|----------------|----------|--------------|--|----------|----------------|----------|---------------------------|
| Loan Category | Number of Loans | | | | Total | Dollar Amount of Loans \$(000s) | | | | Total \$(000s) |
| | Inside | | Outside | | | Inside | | Outside | | |
| | # | % | # | % | | \$ | % | \$ | % | |
| Home Mortgage | 35 | 49% | 36 | 51% | 71 | \$6,750 | 61% | \$4,266 | 39% | \$11,016 |
| Total | 35 | 49% | 36 | 51% | 71 | \$6,750 | 61% | \$4,266 | 39% | \$11,016 |

Source: 2015 - 2016 and 2017 HMDA Data
Due to rounding, totals may not equal 100.0

Geographic Distribution of Loans

Refer to Table O in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's loan originations and purchases.

The bank exhibited excellent geographic distribution of home mortgage loans in the AA. The geographic distribution of loans reflects excellent dispersion in the AA. Refer to Tables O in Appendix C that reflect the geographic distribution of loans compared to the percentage of owner-occupied housing units in each census tract, and the lending of the bank's peers. There are no low-income census tracts in the AA. During 2015 and 2016, the bank's percentage of geographic distribution of home mortgage loans in moderate-income census tracts exceeded the percentage of owner-occupied housing units in these tracts. When compared to aggregate lenders, the bank's percentage of loans in the moderate-income census tract exceeded the other HMDA lenders within the AA.

In 2017, the bank's percentage of geographic distribution of home mortgage loans in moderate-income census tracts exceeded the percentage of owner-occupied housing units in these tracts. When compared to aggregate lenders, the bank's percentage of home mortgage loans exceeded the other HMDA lenders within the AA.

Lending to Borrowers of Different Incomes

Refer to Table P in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's loan originations and purchases. The bank exhibited reasonable distribution of loans among borrowers of different income levels.

During 2015 and 2016, the distribution of home mortgage loans to low-income borrowers exceeded the percentage of low-income families in the AA. The percentage of loans to low-income borrowers significantly exceeded aggregate HMDA lending performance. The distribution of home mortgage loans to moderate-income borrowers was below the percentage of moderate-income families in the AA. When compared to aggregate performance, the bank percentage of loans to moderate-income borrowers was slightly below aggregate HMDA lenders.

During 2017, the distribution of home mortgage loans to low-income borrowers was below the percentage of low-income families in the AA. The percentage of loans to low-income borrowers significantly exceeded aggregate HMDA lending performance. The distribution of home mortgage loans to moderate-income borrowers was below the percentage of moderate-income families in the AA. When compared to aggregate performance, the bank percentage of loans to moderate-income borrowers was slightly below aggregate HMDA lenders.

In evaluating the borrower income distribution, we considered that the housing market in the AA may be prohibitive for low-income borrowers, as the 2017 median housing price was \$240,871. This is an increase from 2015 and 2016 at \$229,275. In addition, we considered the high level of competition from other lenders in the AA. Other lenders are able to offer more favorable loan terms as they sell loans on the secondary market, while Wake Forest holds the loans it originates. Refer to Appendix B for additional information about the community profile of the AA.

Community Development Loans

Wake Forest continues to participate in the Centrant program. Over the review period, Wake Forest purchased six participations from Centrant totaling \$275 thousand that assisted with affordable housing for low- and moderate-income individuals in North Carolina. Centrant provides financing for multifamily low- and moderate-income housing projects by selling participation interests to members of the organization. This program is located in five states across the Southeast; however, Wake Forest only purchases commitments for projects within North Carolina. To qualify for financing, at least 51 percent of the available units must provide housing for individuals earning no more than 60 percent of the median family income. Most of the funding developments receive an allocation funding of federal housing credits and subordinated debt. The subordinated debt typically comes from public funds and grants at local, state, and federal levels.

Responses to Complaints

During the evaluation period, there were no complaints received by the bank related to the bank's performance in meeting the credit needs of the AA.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

| | | |
|---|--|--------------------------|
| Time Period Reviewed | Lending Test (excludes CD loans): (1/1/15 to 12/31/17) Community Development (CD) Loans: (1/1/15 to 12/31/17) | |
| Financial Institution | | Products Reviewed |
| Wake Forest Federal Savings & Loan Association Wake Forest, North Carolina | | Home Mortgage |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| N/A | N/A | N/A |
| List of Assessment Areas and Type of Examination | | |
| Assessment Area | Type of Exam | Other Information |
| Raleigh, NC MSA: 9 CTs in Wake County 3 CTs in Franklin County | Full Scope | Refer to Appendix B |

Appendix B: Community Profiles for Full-Scope Areas

| Table A – Demographic Information of the Assessment Area | | | | | | |
|---|--------|---------------|------------------------------|------------------|-----------------|---------------|
| Assessment Area: Wake Forest AA 2015-2016 | | | | | | |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 12 | 0.0 | 33.3 | 41.7 | 25.0 | 0.0 |
| Population by Geography | 79,156 | 0.0 | 34.4 | 40.6 | 25.0 | 0.0 |
| Housing Units by Geography | 28,430 | 0.0 | 36.6 | 39.7 | 23.7 | 0.0 |
| Owner-Occupied Units by Geography | 19,606 | 0.0 | 35.3 | 39.5 | 25.2 | 0.0 |
| Occupied Rental Units by Geography | 6,141 | 0.0 | 34.9 | 44.3 | 20.8 | 0.0 |
| Vacant Units by Geography | 2,683 | 0.0 | 50.4 | 30.5 | 19.1 | 0.0 |
| Businesses by Geography | 6,077 | 0.0 | 24.3 | 48.1 | 27.6 | 0.0 |
| Farms by Geography | 208 | 0.0 | 36.5 | 42.3 | 21.2 | 0.0 |
| Family Distribution by Income Level | 19,426 | 21.5 | 20.0 | 18.5 | 40.0 | 0.0 |
| Household Distribution by Income Level | 25,747 | 21.5 | 18.3 | 17.3 | 43.0 | 0.0 |
| 2016 Median Family Income MSA - 39580 Raleigh, NC MSA | | \$76,600 | Median Housing Value | | | \$229,275 |
| | | | Median Gross Rent | | | \$827 |
| | | | Families Below Poverty Level | | | 6.2% |
| <i>Source: 2010 U.S. Census and 2016 D&B Data; Due to rounding, totals may not equal 100.0</i> (*) The NA category consists of geographies that have not been assigned an income classification. | | | | | | |

| Table A – Demographic Information of the Assessment Area | | | | | | |
|---|----------|-----------------------|------------------------------|--------------------------|-------------------------|-----------------------|
| Assessment Area: Wake Forest AA 2017 | | | | | | |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 12 | 0.0 | 8.3 | 66.7 | 25.0 | 0.0 |
| Population by Geography | 87,560 | 0.0 | 5.6 | 70.8 | 23.6 | 0.0 |
| Housing Units by Geography | 33,786 | 0.0 | 6.1 | 70.6 | 23.3 | 0.0 |
| Owner-Occupied Units by Geography | 23,320 | 0.0 | 4.3 | 71.5 | 24.2 | 0.0 |
| Occupied Rental Units by Geography | 7,845 | 0.0 | 11.2 | 69.6 | 19.1 | 0.0 |
| Vacant Units by Geography | 2,621 | 0.0 | 6.9 | 65.1 | 28.0 | 0.0 |
| Businesses by Geography | 6,751 | 0.0 | 5.2 | 67.1 | 27.7 | 0.0 |
| Farms by Geography | 235 | 0.0 | 3.0 | 77.9 | 19.1 | 0.0 |
| Family Distribution by Income Level | 24,062 | 18.9 | 17.1 | 20.0 | 44.0 | 0.0 |
| Household Distribution by Income Level | 31,165 | 19.4 | 16.0 | 17.9 | 46.7 | 0.0 |
| 2017 Median Family Income MSA - 39580 Raleigh, NC MSA | | \$80,200 | Median Housing Value | | | \$240,871 |
| | | | Median Gross Rent | | | \$973 |
| | | | Families Below Poverty Level | | | 5.4% |
| <i>Source: 2015 ACS Census and 2017 D&B Data; Due to rounding, totals may not equal 100.0</i> | | | | | | |
| <i>(* The NA category consists of geographies that have not been assigned an income classification.</i> | | | | | | |

Wake County is located in the northeast central region of North Carolina, almost halfway between the east coastline and the Great Smoky Mountains. It contains 12 municipalities, including Raleigh, the state capital, and is the second most populated county in the state. Wake Forest’s AA includes nine of the census tracts in Wake County, of which three are upper income, five are middle income, and one is moderate income. The AA also includes three middle-income census tracts located in Franklin County, NC, which is northeast and adjacent to Wake County. These two counties make up most of the Raleigh MSA.

The employment is stimulated by the Research Triangle Region’s world-leading life sciences, technology, and defense. The region is among the top three in the nation for life sciences, particularly pharmaceuticals, and the largest concentration of contract research organizations in the country among three major universities. Major employers in Wake County include Duke University and Health System, the State of North Carolina, the Wake County Public School System, and Wal-Mart. More than half of the workers in Franklin County work outside the county with easy access to the Research Triangle and Wake County.

According to the United States Bureau of Labor Statistics, the unemployment rates for Wake and Franklin Counties in 2015 were 4.7 percent and 5.9 percent, respectfully. During 2016 and 2017, the rates were 4.3 percent and 5.2 percent, respectfully. In comparison, the unemployment rates for the state of North Carolina in 2015, 2016, and 2017 were 5.7 percent, 5.1 percent, and 4.5 percent, respectfully.

The bank continues to rely on local deposits as the primary source of funding, while maintaining high levels of liquidity as a secondary funding source and to manage interest rate risk. Wake Forest faces significant competition from numerous financial institutions. According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report as of June 30, 2018, there were 34 banks with 260 bank offices operating in Wake and Franklin Counties, NC. Wake Forest was ranked 17th in total deposits with 0.31 percent of the market share. Six banks account for 80.18 percent of the deposit market share in Wake and Franklin Counties and operate 13 branch offices in Wake Forest's AA. The bank's major competitor for deposits is the State Employees Credit Union, which has three branch offices in the AA. Major lending competitors include Fidelity Bank and Benchmark Community Bank, which have a total of three offices in Wake Forest's AA.

As part of our review, we incorporated information obtained from four local community contacts. From these interviews, we determined that the needs of the AA are to provide affordable quality rental and owner occupied housing, and to invest in programs that create new and support existing businesses for economic expansion and growth. The consensus among the contacts was that most of the banks were adequately meeting the needs of the community.

Appendix C: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases; (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Deposit data is compiled by the FDIC and is available as of June 30th of each year. Tables without data are not included in this PE. Tables are identified by both letters and numbers, which results from how they are generated in supervisory analytical systems.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** – Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** – Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** – The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. Because small business data is not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues** – Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. The table also presents aggregate peer data for the years the data is available.

Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography – The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. Because small farm data is not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank’s assessment area.

Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues – Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. The table also presents aggregate peer data for the years the data is available.

Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography – Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households throughout those geographies.

Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower – Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MA/assessment area.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography **2015-2016**

| Assessment Area: | Total Home Mortgage Loans | | | | Low-Income Tracts | | | Moderate-Income Tracts | | | Middle-Income Tracts | | | Upper-Income Tracts | | | Not Available-Income Tracts | | |
|------------------|---------------------------|--------------|--------------|----------------|-----------------------------------|--------------|------------|-----------------------------------|--------------|-------------|-----------------------------------|--------------|-------------|-----------------------------------|--------------|-------------|-----------------------------------|--------------|------------|
| | # | \$ | % of Total | Overall Market | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate |
| Wake Forest AA | 17 | 3,053 | 100.0 | 5,623 | 0.0 | 0.0 | 0.0 | 35.3 | 43.75 | 30.9 | 39.5 | 37.5 | 46.2 | 25.2 | 18.75 | 22.9 | 0.0 | 0.0 | 0.0 |
| Total | 17 | 3,053 | 100.0 | 5,623 | 0.0 | 0.0 | 0.0 | 35.3 | 43.75 | 30.9 | 39.5 | 37.5 | 46.2 | 25.2 | 18.75 | 22.9 | 0.0 | 0.0 | 0.0 |

Source: 2010 U.S. Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, 2018 data not available.
 Due to rounding, totals may not equal 100.0

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography **2017**

| Assessment Area: | Total Home Mortgage Loans | | | | Low-Income Tracts | | | Moderate-Income Tracts | | | Middle-Income Tracts | | | Upper-Income Tracts | | | Not Available-Income Tracts | | |
|------------------|---------------------------|--------------|--------------|----------------|-----------------------------------|--------------|------------|-----------------------------------|--------------|------------|-----------------------------------|--------------|-------------|-----------------------------------|--------------|-------------|-----------------------------------|--------------|------------|
| | # | \$ | % of Total | Overall Market | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate |
| Wake Forest AA | 18 | 3,697 | 100.0 | 4,880 | 0.0 | 0.0 | 0.0 | 4.3 | 16.7 | 5.8 | 71.5 | 66.7 | 73.7 | 24.2 | 16.7 | 20.6 | 0.0 | 0.0 | 0.0 |
| Total | 18 | 3,697 | 100.0 | 4,880 | 0.0 | 0.0 | 0.0 | 4.3 | 16.7 | 5.8 | 71.5 | 66.7 | 73.7 | 24.2 | 16.7 | 20.6 | 0.0 | 0.0 | 0.0 |

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, 2018 data not available.
 Due to rounding, totals may not equal 100.0

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower **2015-2016**

| Assessment Area: | Total Home Mortgage Loans | | | | Low-Income Borrowers | | | Moderate-Income Borrowers | | | Middle-Income Borrowers | | | Upper-Income Borrowers | | | Not Available-Income Borrowers | | |
|------------------|---------------------------|--------------|--------------|----------------|----------------------|--------------|------------|---------------------------|--------------|-------------|-------------------------|--------------|-------------|------------------------|--------------|-------------|--------------------------------|--------------|-------------|
| | # | \$ | % of Total | Overall Market | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate |
| Wake Forest AA | 17 | 3,053 | 100.0 | 5,623 | 21.5 | 29.42 | 4.3 | 20.0 | 11.76 | 14.5 | 18.5 | 23.53 | 19.7 | 40.0 | 23.53 | 43.3 | 0.0 | 11.76 | 18.2 |
| Total | 17 | 3,053 | 100.0 | 5,623 | 21.5 | 29.42 | 4.3 | 20.0 | 11.76 | 14.5 | 18.5 | 23.53 | 19.7 | 40.0 | 23.53 | 43.3 | 0.0 | 11.76 | 18.2 |

Source: 2010 U.S. Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, 2018 data not available.
 Due to rounding, totals may not equal 100.0

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower **2017**

| Assessment Area: | Total Home Mortgage Loans | | | | Low-Income Borrowers | | | Moderate-Income Borrowers | | | Middle-Income Borrowers | | | Upper-Income Borrowers | | | Not Available-Income Borrowers | | |
|------------------|---------------------------|--------------|--------------|----------------|----------------------|--------------|------------|---------------------------|--------------|-------------|-------------------------|--------------|-------------|------------------------|--------------|-------------|--------------------------------|--------------|-------------|
| | # | \$ | % of Total | Overall Market | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate |
| Wake Forest AA | 18 | 3,697 | 100.0 | 4,880 | 18.9 | 11.1 | 5.3 | 17.1 | 11.1 | 16.4 | 20.0 | 16.7 | 22.0 | 44.0 | 50.0 | 40.2 | 0.0 | 11.1 | 16.1 |
| Total | 18 | 3,697 | 100.0 | 4,880 | 18.9 | 11.1 | 5.3 | 17.1 | 11.1 | 16.4 | 20.0 | 16.7 | 22.0 | 44.0 | 50.0 | 40.2 | 0.0 | 11.1 | 16.1 |

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, 2018 data not available.
 Due to rounding, totals may not equal 100.0