

PUBLIC DISCLOSURE

November 9, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Evolve Bank & Trust
RSSD #592448**

**301 Shoppingway Boulevard
West Memphis, Arkansas 72301**

Federal Reserve Bank of St. Louis

**P.O. Box 442
St. Louis, Missouri 63166-0442**

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 the 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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INSTITUTION

INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.

The Lending Test is rated:

Satisfactory

The Community Development Test is rated:

Satisfactory

Evolve Bank & Trust (Evolve Bank) meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending and community development activities. The factors supporting the institution's rating include:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas.
- A substantial majority of loans and other lending-related activities is outside of the bank's assessment areas.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas.
- Distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels (including low- and moderate-income (LMI)) and businesses of different revenue sizes.
- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.
- The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of its assessment areas, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment areas. The bank has responded to these needs through community development loans, qualified investments, and community development services.

During the COVID-19 pandemic, the bank responded to the needs of the community through its participation in the CARES Act¹ Paycheck Protection Program (PPP). The bank's participation in the PPP was also considered in the bank's rating.

¹Coronavirus Aid, Relief, and Economic Security Act, signed into law on March 27, 2020.

SCOPE OF EXAMINATION

The bank’s CRA performance was reviewed using the Federal Financial Institutions Examination Council’s (FFIEC’s) intermediate small bank procedures. The intermediate small bank procedures entail two performance tests: the Lending Test and the Community Development Test. The bank’s performance under these tests is rated at the institution level, as well as at the multistate metropolitan statistical area (MSA) and state levels. The bank delineates one assessment area within the Memphis, Tennessee-Mississippi-Arkansas multistate MSA (Memphis Assessment Area) and one entirely within the state of Arkansas. In light of these characteristics, the bank received three sets of ratings: an overall institution rating, a rating for the Memphis multistate MSA, and a rating for the state of Arkansas.

The following table details the number of branch offices, breakdown of deposits, and the CRA review procedures applicable to each rated area completed as part of this evaluation. Deposit information in the following table, as well as deposit information throughout this evaluation, is taken from the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of September 30, 2020.

State/Multistate MSA Assessment Area	Offices		Deposits as of 9/30/20		Assessment Area Reviews		
	#	%	\$ (000s)	%	Full Scope	Limited Scope	TOTAL
Memphis MSA	2	50.0%	\$364,591	89.8%	1	0	1
Arkansas	2	50.0%	\$41,236	10.2%	1	0	1
OVERALL	4	100%	\$405,827	100%	2	0	2

In light of the bank’s deposits and lending, CRA performance in the Memphis Assessment Area was given primary consideration when making overall conclusions.

Lending performance was based on Home Mortgage Disclosure Act (HMDA) loans, as this loan category represents a substantial majority of the bank’s lending activity and is a primary strategic focus of the bank. Therefore, the loan activity represented by these credit products is deemed indicative of overall lending performance. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	March 31, 2017 – September 30, 2020
Assessment Area(s) Concentration	January 1, 2018 – December 31, 2019
Geographic Distribution of Loans	
Loan Distribution by Borrower’s Profile	
Response to Written CRA Complaints	January 17, 2017 – November 8, 2020
Community Development Activities	

The Lending Test’s Geographic Distribution of Loans and Loan Distribution by Borrower’s Profile analyses entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on HMDA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2015 American Community Survey (ACS) data. Moreover, when analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is placed on the aggregate lending data because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are also updated annually and are, therefore, expected to predict more relevant comparisons. Note that the review period includes two years of HMDA data (2018 and 2019). Since the 2019 HMDA data is more recent and the bank’s performance in the Lending Test did not appreciably change when considering 2018 lending in either of the bank’s defined assessment areas, the 2018 HMDA lending tables are not featured in the body of this document and have instead been provided in the Appendix for reference purposes. In addition, in the LTD Test the bank’s lending levels were evaluated in relation to those of comparable financial institutions operating in the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from \$467.6 million to \$925.2 million as of September 30, 2020.

As part of the Community Development Test, the bank’s performance was evaluated using the following criteria, considering the bank’s capacity and the need and availability of such opportunities for community development in the bank’s assessment areas:

- The number and dollar amount of community development loans.
- The number and dollar amount of qualified investments and grants.
- The extent to which the bank provides community development services.

The review included community development activities initiated from the date of the bank’s previous CRA evaluation to this review date. In addition, investments made prior to the date of the previous CRA evaluation, but still outstanding as of this review date, were also considered.

To augment this evaluation, three community contact interviews were conducted with members of the local community to ascertain specific credit needs, opportunities, and local market conditions in the bank’s assessment areas. Information from these interviews assisted in evaluating the bank’s responsiveness to identified community credit needs and community development opportunities. Key details from these community contact interviews are included in the *Description of Assessment Area* section applicable to the assessment area in which they were conducted.

DESCRIPTION OF INSTITUTION

Evolve Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is a wholly owned subsidiary of Evolve Bancorp, Inc., a one-bank holding company; the bank and its holding company are both headquartered in West Memphis, Arkansas. Evolve Bank’s branch network consists of four offices, including the main office, located in West Memphis, Arkansas. All offices are full-service facilities and offer drive-up accessibility. There are two other Arkansas branches, both of which are located in nonMSA Cross County, with one in the city of Wynne and one in the city of Parkin. The bank’s only Tennessee branch is located in Memphis (Shelby County). Three of the offices have full-service automated teller machines (ATMs) on site. The bank does not operate any stand-alone ATMs in its assessment areas, and no branches were opened or closed during the review period. Based on this branch network and other service delivery systems such as full-service online banking capabilities, the bank is well positioned to deliver financial services to most geographies within its assessment areas. Additionally, the bank operates mortgage loan production offices (LPOs) around the country in states including Arkansas, Arizona, California, Connecticut, Delaware, Florida, Georgia, Massachusetts, Maryland, Missouri, Mississippi, New York, Ohio, South Carolina, Tennessee, Texas, and Virginia.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting the credit needs of its assessment areas based on its available resources and financial products. As of September 30, 2020, the bank reported total assets of \$646.9 million. As of the same date, loans and leases outstanding were \$549.0 million (84.9 percent of total assets), and deposits totaled \$405.8 million. The bank’s loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of September 30, 2020		
Credit Category	Amount (\$000s)	Percentage of Total Loans
Construction and Development	\$21,935	4.0%
Commercial Real Estate	\$123,494	22.5%
Multifamily Residential	\$17,672	3.2%
1–4 Family Residential	\$223,895	40.8%
Farmland	\$2,921	0.5%
Farm Loans	\$1,090	0.2%
Commercial and Industrial	\$153,400	27.9%
Loans to Individuals	\$3,152	0.6%
Total Other Loans	\$1,420	0.3%
TOTAL	\$548,979	100%

As indicated by the previous table, a significant portion of the bank's lending resources (40.8 percent) is directed to loans secured by 1–4 family residential properties, as well as commercial and industrial loans (27.9 percent) and commercial real estate loans (22.5 percent). The bank originates a substantial number of secondary market residential real estate loans and subsequently sells these loans shortly after origination, but this activity is not reflected in the figures above.

The bank received a Substantial Noncompliance rating at its previous CRA evaluation conducted by this Reserve Bank on January 17, 2017.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Rated Area	Lending Test Rating
Memphis Assessment Area	Satisfactory
Arkansas	Satisfactory
OVERALL	Satisfactory

Evolve Bank meets the standards for a satisfactory Lending Test rating under the intermediate small bank procedures, which evaluate bank performance under the following five criteria as applicable. As previously mentioned, CRA performance in the Memphis Assessment Area was given primary consideration when making overall conclusions.

Loan-to-Deposit (LTD) Ratio

One indication of the bank’s overall level of lending activity is its LTD ratio. The table below displays the bank’s average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 15-quarter average, dating back to the bank’s last CRA evaluation.

LTD Ratio Analysis			
Name	Headquarters	Asset Size (\$000s) as of September 30, 2020	Average LTD Ratio
Evolve Bank	West Memphis, Arkansas	\$646,885	107.6%
Regional Banks	Memphis, Tennessee	\$733,692	129.8%
	Memphis, Tennessee	\$925,230	96.5%
	Millington, Tennessee	\$467,583	54.8%

Based on data from the previous table, the bank’s level of lending is comparable to, and in one case far exceeds, other banks in the region. Therefore, compared to data from regional banks, the bank’s average LTD ratio is reasonable given the bank’s size, financial condition, and credit needs of its assessment areas.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank’s assessment areas.

Lending Inside and Outside of Assessment Areas January 1, 2019 through December 31, 2019						
Loan Type	Inside Assessment Areas		Outside Assessment Areas		TOTAL	
HMDA Loans	203	8.7%	2,127	91.3%	2,330	100%
	\$37,106	6.5%	\$529,445	93.5%	\$566,551	100%

A substantial majority of loans were made outside of the bank’s assessment areas. As shown in the table above, only 8.7 percent of the total loans in 2019 were made inside the assessment areas, accounting for just 6.5 percent of the dollar volume of total loans. The substantial number of loans made outside the bank’s assessment areas is due to the bank’s large LPO network and online mortgage lending operation, which results in a significant number of applications from outside the assessment areas. The bank’s 2018 HMDA lending, shown in **Appendix D**, reflects a similar pattern. The primary funding sources for the bank’s secondary market originations are from outside of the bank’s deposit base, and although these loans are originated in the name of the bank, the majority are subsequently sold in the secondary market.

Geographic and Borrower Distribution

As displayed in the following table, the bank’s overall distribution of lending by income level of census tract reflects reasonable penetration throughout the bank’s rated areas subject to review, with the greatest emphasis on the Memphis Assessment Area.

Rated Area	Geographic Distribution of Loans
Memphis Assessment Area	Reasonable
Arkansas	Reasonable
OVERALL	REASONABLE

Overall, performance by borrower’s income/revenue profile is reasonable, based on the analyses of lending in the Memphis Assessment Area and Arkansas, as is displayed in the following table.

Rated Area	Loan Distribution by Borrower’s Profile
Memphis Assessment Area	Excellent
Arkansas	Poor
OVERALL	REASONABLE

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (January 17, 2017 through November 8, 2020).

COMMUNITY DEVELOPMENT TEST

Evolve Bank’s performance under the Community Development Test is rated satisfactory. The bank demonstrates adequate responsiveness to the community development needs of the Memphis and Arkansas assessment areas, considering the bank’s capacity and the need and availability of such opportunities for community development in the assessment areas.

Rated Area	Community Development Test Rating
Memphis Assessment Area	Satisfactory
Arkansas	Satisfactory
OVERALL	Satisfactory

During the review period, Evolve Bank made qualifying loans, investments, donations, and services to individuals and organizations in its assessment areas, broken down as follows:

Total Community Development Activities Inside Assessment Areas January 17, 2017 through November 8, 2020			
Community Development Component	#		\$
Loans	106		\$10.8 million
Investments, Current and Prior	15		\$3.7 million
Current Period	8		\$2.2 million
Prior Period, Still Outstanding	7		\$1.5 million
Donations and Grants	17		\$35,400
Services	2 organizations	412 hours	

Community development lending activities were primarily in the form of loans financing the purchase or improvement of single-family affordable housing, loans that sought to revitalize and stabilize LMI areas and areas designated as distressed or underserved, and loans to community service providers serving LMI individuals or geographies. Finally, in response to the COVID-19 pandemic, the bank originated 74 PPP loans within its assessment areas. These are Small Business Administration loans that help businesses keep their workforce employed during the pandemic. These loans were made to businesses located in LMI geographies and totaled \$8.1 million.

Investment activities were primarily in the form of municipal bonds and mortgage-backed securities (MBS) supporting affordable housing for LMI individuals in the bank’s Memphis Assessment Area. No investments were made in the Arkansas assessment area. In addition, donations were made to organizations and groups that serve LMI individuals and LMI geographies.

Service activities included delivering financial education and expertise to community service organizations as board members and representatives of the institution.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements, conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

MEMPHIS, TENNESSEE-MISSISSIPPI-ARKANSAS MULTISTATE MSA²

<u>CRA RATING FOR MEMPHIS Assessment Area:</u>	<u>Satisfactory</u>
The Lending Test is rated:	Satisfactory
The Community Development Test is rated:	Satisfactory

Major factors supporting the institution's Memphis Assessment Area rating include the following:

- Overall, the geographic distribution of loans reflects reasonable dispersion throughout the Memphis Assessment Area.
- The distribution of loans in the Memphis Assessment Area reflects excellent penetration among individuals of different income levels (including LMI levels).
- The bank's community development performance demonstrates adequate responsiveness to community development needs through community development loans, qualified investments, and community development services, considering the need and availability of such opportunities for community development in the assessment area.

SCOPE OF EXAMINATION

Scoping considerations applicable to the review of the Memphis Assessment Area are consistent with the overall CRA examination scope as presented in the *Institution, Scope of Examination* section. As previously mentioned, overall performance conclusions were based on the bank's HMDA loan products. The assessment area consists of three of eight counties that make up the Memphis MSA: Crittenden County (Arkansas), Shelby County (Tennessee), and DeSoto County (Mississippi). Performance in this assessment area is the primary driver for the institution's overall CRA rating.

To augment the evaluation, two community contact interviews were conducted to ascertain specific community credit needs, community development opportunities, and local economic conditions. The interviews were with representatives from local housing agencies. Details from these interviews are included in the *Description of Institution's Operations* section that follows.

²This rating reflects performance within the multistate metropolitan area. The statewide evaluation for Arkansas is adjusted and does not reflect performance in Crittenden County.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE MEMPHIS ASSESSMENT AREA

Bank Structure

Evolve Bank operates two offices (50.0 percent of total branches) in the Memphis Assessment Area. One is the main office, located in a middle-income census tract in West Memphis, Arkansas (Crittenden County), and the other is in an upper-income census tract in Memphis, Tennessee (Shelby County). According to the FDIC Deposit Market Share Report dated June 30, 2020, Evolve Bank ranks 18th out of 45 financial institutions operating in the bank’s Memphis Assessment Area, with 1.0 percent of the deposit market share. During the review period, the bank did not open or close any branches in this assessment area; however, the bank delineated an additional county (DeSoto County, Mississippi) to be included in this assessment area. Based on this branch network and other service delivery systems such as full-service online banking capabilities, the bank is well positioned to deliver financial services to most geographies within this assessment area.

General Demographics

As previously mentioned, the assessment area is comprised of Crittenden, Shelby, and DeSoto Counties in their entirety; however, the majority of the assessment area population resides in Shelby County, which contains the city of Memphis. Per 2015 ACS data, the population of Shelby County was 937,750, while the populations of Crittenden and DeSoto Counties were 49,765 and 168,586, respectively. Credit needs in the assessment area include a mix of consumer and business loan products. Particular credit needs in the assessment area, as noted primarily from community contacts, include home repair and improvement loans, down payment assistance programs, affordable housing for LMI seniors, and financial literacy initiatives for consumers. For this assessment area, contacts indicated that the majority of housing stock is older and in poor condition. Contacts also indicated that there are a number of community development opportunities in the assessment area in which financial institutions could participate.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Census Tracts	71	57	55	84	7	274
	25.9%	20.8%	20.1%	30.7%	2.6%	100%
Family Population	47,448	52,722	56,810	119,653	589	277,222
	17.1%	19.0%	20.5%	43.2%	0.2%	100%

As shown in the preceding table, 46.7 percent of the census tracts in the assessment area are LMI geographies, and 36.1 percent of the family population resides in these tracts. As previously mentioned, the bank incorporated DeSoto County into this assessment area, which includes 33 census tracts. That delineation increased the total number of census tracts served by the bank from 241 (at the 2017 examination) to 274. The geography income level most heavily impacted was low-income census tracts, which increased from 59 to 71.

Based on 2015 ACS data, the median family income for the assessment area was \$58,732, compared to \$58,214 in the Memphis MSA overall. At the same time, median family incomes for Arkansas, Tennessee, and Mississippi were \$51,782, \$56,110, and \$49,274, respectively. More recently, the FFIEC estimates the 2019 median family income for the Memphis MSA to be \$63,700.

The following table displays population percentages of assessment area families by income level compared to the overall Memphis MSA family populations.

Family Population by Income Level					
Dataset	Low-	Moderate-	Middle-	Upper-	TOTAL
Assessment Area	68,508	43,052	47,470	118,192	277,222
	24.7%	15.5%	17.1%	42.6%	100%
Memphis MSA	79,803	51,120	56,522	136,327	323,772
	24.6%	15.8%	17.5%	42.1%	100%

As shown in the table above, 40.2 percent of families within the assessment area were considered LMI, which is comparable to the LMI family percentage of 40.4 percent in the Memphis MSA overall. In addition, the percentage of families living below the poverty level in the assessment area, 15.2 percent, is comparable to the 14.9 percent level in the Memphis MSA overall. Considering these factors, the assessment area is comparable to the Memphis MSA.

Housing Demographics

As displayed in the following table, the affordability of housing in the assessment area is generally consistent with the Memphis MSA overall.

Housing Demographics			
Dataset	Median Housing Value	Affordability Ratio	Median Gross Rent (monthly)
Assessment Area	\$134,323	35.6%	\$861
Memphis MSA	\$133,866	35.7%	\$849

While the previous table indicates homeownership is attainable for the median household, it is also noted that of the 253,549 owner-occupied housing units in the assessment area, 44.0 percent fall in the highest value category of \$150,000 or more. Additionally, homes valued under \$40,000 only

account for 7.2 percent of owner-occupied housing units in the assessment area. Given that the income threshold for LMI families in the Memphis Assessment Area is \$46,986, it appears homeownership remains out of reach for many LMI families in the region. Furthermore, rental units make up 35.4 percent of assessment area housing, and 51.3 percent of renters have rental costs exceeding 30 percent of their income. Community contacts identified down payment assistance programs and small dollar mortgage products, specifically where housing prices are under \$50,000, as credit needs in the assessment area.

Industry and Employment Demographics

The assessment area supports a strong small business sector, as evidenced by Dun & Bradstreet data that indicate 89.9 percent of assessment area businesses have gross annual revenues of \$1 million or less. County business patterns indicate there are 505,684 paid employees in the assessment area. According to county business patterns, by percentage of employees, the three largest job categories in the assessment area are healthcare and social assistance (15.9 percent), transportation and warehousing (12.1 percent), and retail trade (11.2 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area and the states of Arkansas, Tennessee, and Mississippi.

Unemployment Levels for the Assessment Area			
Dataset	Time Period (Annual Average)		
	2018	2019	2020 (Jan.–Aug.)
Assessment Area	4.1%	4.1%	9.2%
State of Arkansas	3.6%	3.6%	7.0%
State of Tennessee	3.5%	3.4%	8.1%
State of Mississippi	4.8%	5.4%	8.6%

As shown in the table above, the assessment area has experienced a consistently higher unemployment rate when compared to the states of Arkansas and Tennessee. The assessment area has had lower unemployment levels compared to the state of Mississippi, with the exception of the 2020 data. The increased unemployment levels in 2020 are due to the COVID-19 pandemic that has affected communities across the nation.

Community Contact Information

For the assessment area, two community contact interviews were completed. One contact represented a government agency that specializes in housing and community development, and the other contact represented a housing development agency specializing in affordable housing. Both contacts indicated that while the economy is generally stable, COVID-19 has disproportionately affected LMI individuals, who have struggled with housing and employment during the pandemic. One contact stated that the limited in-person services offered by banks during the pandemic have made it more difficult for LMI individuals to access banking services, especially those LMI

individuals who work later evening shifts. The contact also noted that LMI individuals often utilize alternative lenders due to traditional bank fees, credit checks, and high interest rates. In terms of employment, one contact stated that the area has higher levels of job opportunities based on its location within the greater MSA, while the other contact noted that there is a need in the area for more jobs at the neighborhood level. Per one contact, the city of Memphis has a high poverty rate, and the effects of migration out of the city can be seen across neighborhoods as younger residents move further into the suburbs in pursuit of quality housing stock and better school districts. In addition, one contact stated there is a lack of investment in LMI areas where property values are low. Both contacts indicated that affordable housing stock in the area is older and in need of upgrades, including for energy efficiency purposes.

Both contacts stated that home improvement loan products are a significant credit need in the area. Furthermore, one contact stated that there is a need for banks to develop (or adopt) home improvement products targeted to LMI individuals with lower income thresholds. In addition, both contacts indicated that mortgage products with down payment assistance are a need for the area. Lastly, one contact noted that banking products that target LMI individuals (e.g., deposit, loan) and help to encourage financial literacy are a need for the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE MEMPHIS ASSESSMENT AREA

LENDING TEST

The bank's Lending Test rating in the Memphis Assessment Area is satisfactory. The overall geographic distribution of loans reflects reasonable penetration throughout the assessment area. In addition, the overall distribution of loans reflects excellent penetration among borrowers of different income levels.

Geographic Distribution of Loans

As noted previously, the assessment area includes 274 census tracts, with 71 low- and 57 moderate-income census tracts, representing 46.7 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans in this assessment area reflects reasonable penetration throughout these LMI census tracts based on the HMDA loan category. The following table displays the geographic distribution of 2019 HMDA loans compared to owner-occupied housing demographics for the assessment area and aggregate data. For the bank's performance in this assessment area in 2018, please see **Appendix E**.

Distribution of 2019 Home Mortgage Lending By Income Level of Geography							
Census Tract Income Level	Bank Loans				% of Owner- Occupied Units	Aggregate HMDA Data	
	#	# %	\$	\$ %		# %	\$ %
Low	5	2.6%	328	0.9%	11.7%	4.1%	2.8%
Moderate	22	11.3%	2,115	5.9%	16.6%	10.1%	6.2%
Middle	44	22.6%	6,279	17.5%	21.2%	20.1%	14.9%
Upper	124	63.6%	27,131	75.7%	50.4%	65.6%	76.0%
Unknown	0	0.0%	0	0.0%	0.2%	0.0%	0.0%
TOTAL	195	100.0%	35,853	100.0%	100.0%	100.0%	100.0%

The analysis of HMDA loans reveals reasonable lending performance to borrowers residing in the assessment area’s low-income geographies. The bank’s total penetration of low-income census tracts by number of loans (2.6 percent) is well below the percentage of owner-occupied housing units in low-income census tracts (11.7 percent) but only slightly below the percentage of aggregate HMDA loans made to borrowers residing in the low-income geographies (4.1 percent).

The bank’s total penetration of moderate-income census tracts by number of loans (11.3 percent) is below the percentage of owner-occupied housing units in moderate-income census tracts (16.6 percent). However, the bank’s performance in moderate-income census tracts is above that of other lenders based on aggregate lending data, which indicate that 10.1 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in moderate-income census tracts. Therefore, the bank’s lending performance to borrowers residing in moderate-income census tracts is reasonable. Combined, the bank’s geographic distribution of HMDA loans in LMI geographies, 13.9 percent, is comparable to that of other lenders in the assessment area (14.2 percent), reflecting overall reasonable performance. Finally, the bank’s lending patterns throughout the assessment area are consistent with its limited branching structure and low deposit market share. The bank’s 2018 lending, shown in **Appendix E**, is similarly distributed through low- and moderate-income census tracts. Therefore, considering performance to both income categories, the bank’s overall distribution of HMDA loans by geography is reasonable.

Loan Distribution by Borrower’s Profile

The bank’s loan distribution by borrower’s profile in this assessment area is excellent, based on its excellent distribution of HMDA lending to low- and moderate-income borrowers in the assessment area.

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC (\$63,700 for the Memphis MSA as of 2019). The following table shows the distribution of 2019 HMDA-reported loans by borrower income level compared to family population income

demographics for the assessment area. Additionally, 2019 aggregate data for the assessment area is displayed. For the bank’s performance in this assessment area in 2018, please see **Appendix E**.

Distribution of 2019 Home Mortgage Lending By Borrower Income Level							
Borrower Income Level	Bank Loans				Families by Family Income %	Aggregate HMDA Data	
	#	# %	\$	\$ %		# %	\$ %
Low	9	4.6%	654	1.8%	24.7%	3.7%	1.6%
Moderate	42	21.5%	5,733	16.0%	15.5%	11.8%	7.0%
Middle	58	29.7%	9,912	27.6%	17.1%	19.5%	15.2%
Upper	76	39.0%	18,904	52.7%	42.6%	45.5%	49.9%
Unknown	10	5.1%	650	1.8%	0.0%	19.5%	26.2%
TOTAL	195	100.0%	35,853	100.0%	100.0%	100.0%	100.0%

As displayed in the preceding table, the bank’s percentage of lending to low-income borrowers (4.6 percent) is substantially below the low-income family population figure (24.7 percent) but exceeds the 2019 aggregate lending level to low-income borrowers (3.7 percent), reflecting reasonable performance. The bank’s level of lending to moderate-income borrowers (21.5 percent) is above the moderate-income family population percentage (15.5 percent) and significantly above the aggregate lending level of 11.8 percent, reflecting excellent performance. When combined, the bank significantly exceeds aggregate performance to LMI borrowers overall. The bank’s 2018 lending, shown in **Appendix E**, is similarly distributed by borrower income. Therefore, considering performance to both income categories, the bank’s overall distribution of HMDA loans by borrower’s profile is excellent.

COMMUNITY DEVELOPMENT TEST

Evolve Bank demonstrates adequate responsiveness to community development needs within the assessment area, considering the bank’s capacity and the need and availability of such opportunities for community development. The bank addressed these needs through community development loans, qualified investments, and community development services.

During the review period, the bank extended 94 community development loans totaling \$9.6 million in this assessment area. Twenty-three of these loans (totaling \$1.2 million) were made to finance the purchase or improvement of single-family affordable housing units in the assessment area. Six loans were made to revitalize and stabilize LMI areas or provide community services to LMI individuals. Two of those six loans were made to an organization with a defined mission of revitalizing/stabilizing LMI areas within the Memphis beltline communities. Other loans of note include two loans to an organization that provides emergency medical services to LMI geographies within the assessment area. Finally, in response to the COVID-19 pandemic, 65 of the loans were PPP loans originated in the assessment area’s LMI geographies, totaling \$7.8 million. The volume

of PPP loans demonstrates the bank's responsiveness in helping to serve the credit needs of the assessment area.

The bank also made 15 investments within the assessment area during the review period, totaling \$3.7 million. Of the 15 investments made, 11 were in the form of municipal bonds (\$2.5 million), and 4 were in the form of MBS (\$1.2 million). All investments had the community development purpose of supporting affordable housing for LMI individuals within the assessment area. Additionally, the bank made 16 donations, totaling \$34,900.

Finally, two bank employees utilized their financial expertise to assist one organization that is involved in community services targeted to LMI individuals in the assessment area. In total, the bank provided 286 hours of financial services within the assessment area.

ARKANSAS

CRA RATING FOR ARKANSAS:

The Lending Test is rated:

The Community Development Test is rated:

Satisfactory

Satisfactory

Satisfactory

Major factors supporting the institution's Arkansas rating include the following:

- The geographic distribution of loans reflects reasonable dispersion throughout the Arkansas assessment area.
- The borrower's distribution of loans to individuals of different income levels reflects poor performance.
- The bank's community development performance demonstrates adequate responsiveness to community development needs through community development loans, qualified investments, and community development services, considering the need and availability of such opportunities for community development in the assessment area.

SCOPE OF EXAMINATION

Scoping considerations applicable to the review of the Arkansas assessment area are consistent with the overall CRA examination scope as presented in the *Institution, Scope of Examination* section. As previously mentioned, HMDA loans were the focus for this full-scope review. The bank has one assessment area in the nonMSA portion of the state of Arkansas, consisting of one full county (Cross County). Less weight was placed on performance in this assessment area when arriving at the bank's overall CRA performance conclusions, in light of the bank's low level of loan and deposit activity here.

To augment the evaluation of the full-scope review assessment area in Arkansas, two community contact interviews were conducted to ascertain specific community credit needs, community development opportunities, and local economic conditions. Both interviews were conducted with individuals specializing in affordable housing. Details from these interviews are included in the *Description of Institution's Operations* section that follows.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN ARKANSAS

Bank Structure

Evolve Bank operates two offices (50.0 percent of total branches) in Cross County. One is located in a moderate-income census tract in the town of Parkin, Arkansas, and the other is in an upper-income census tract in the town of Wynne, Arkansas. According to the FDIC Deposit Market Share Report dated June 30, 2020, the bank ranks third out of six financial institutions operating in Cross County, with 9.6 percent of the deposits. The bank did not open or close any branches in its Arkansas assessment area during the review period. Based on this branch network and other service delivery systems, the bank is well positioned to deliver financial services to the entirety of the assessment area.

General Demographics

As previously stated, the assessment area is comprised of Cross County, Arkansas in its entirety. The county is located in Northeast Arkansas, adjacent to the Memphis MSA. Based on 2015 ACS data, the population of Cross County was 17,467. Credit needs in the assessment area include a mix of consumer and business loan products. Particular credit needs in the assessment area, as noted primarily from community contacts, include home repair and improvement loans, down payment assistance programs, and financial literacy initiatives for consumers. For this assessment area, contacts indicated that the majority of housing stock is older and in poor condition. Contacts also noted a few opportunities for community development in the assessment area in which financial institutions could participate.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Census Tracts	0 0.0%	2 33.3%	3 50.0%	1 16.7%	0 0.0%	6 100%
Family Population	0 0.0%	1,560 32.5%	2,138 44.5%	1,107 23.0%	0 0.0%	4,805 100%

As shown above, 33.3 percent of the census tracts in the assessment area are LMI geographies (zero low- and two moderate-income census tracts), and 32.5 percent of the family population resides in these tracts. In addition, all three middle-income census tracts in the assessment area are designated distressed due to population loss. As shown above, almost half of assessment area families (44.5 percent) reside in these tracts.

Based on 2015 ACS data, the median family income for the assessment area was \$46,866. At the same time, the median family income for nonMSA Arkansas as a whole was \$45,047. More recently, the FFIEC estimates the 2019 median family income for nonMSA Arkansas to be \$49,100. The following table displays population percentages of assessment area families by income level compared to the nonMSA Arkansas family populations.

Family Population by Income Level					
Dataset	Low-	Moderate-	Middle-	Upper-	TOTAL
Assessment Area	1,029 21.4%	770 16.0%	960 20.0%	2,046 42.6%	4,805 100%
NonMSA Arkansas	63,831 21.4%	53,700 18.0%	58,267 19.5%	123,066 41.2%	298,864 100%

As shown in the table above, 37.4 percent of families within the assessment area were considered LMI, which is slightly lower than the LMI family percentage of 39.4 percent in nonMSA Arkansas overall. Similarly, the percentage of families living below the poverty level in the assessment area (16.2 percent) is slightly below the level in nonMSA Arkansas (16.6 percent). Considering these factors, the assessment area is comparable to nonMSA Arkansas as a whole.

Housing Demographics

As displayed in the following table, housing in the assessment area is generally more affordable than that in nonMSA Arkansas as a whole.

Housing Demographics			
Dataset	Median Housing Value	Affordability Ratio	Median Gross Rent (monthly)
Assessment Area	\$82,410	45.2%	\$645
NonMSA Arkansas	\$85,869	41.0%	\$588

The median housing value is lower in the assessment area than in nonMSA Arkansas. Further, the housing affordability ratio, which incorporates income, indicates housing is more affordable in the assessment area than nonMSA Arkansas as a whole. As previously mentioned, LMI families account for 37.4 percent of the assessment area families. The moderate-income threshold for Cross County is \$37,493. Of the 4,426 owner-occupied housing units in the assessment area, 20.6 percent are valued under \$40,000. This data suggests that homeownership is attainable for some LMI families in the assessment area. Although assessment area housing values appear more affordable than those of nonMSA Arkansas, community contacts noted many homes (especially those considered “affordable”) need major structural upgrades, repairs, or renovations. In addition, the median gross rent for the assessment area is less affordable than that of NonMSA Arkansas, and 37.0 percent of assessment area renters have rental costs exceeding 30.0 percent of their income. The increased rental costs, as well as the structural upgrades needed for many homes, support statements made by community contacts about the challenges faced by would-be LMI homeowners, and the need for home improvement loans and down payment assistance.

Industry and Employment Demographics

The assessment area supports a strong small business sector, as evidenced by Dun & Bradstreet data which indicates 90.3 percent of assessment area businesses have annual revenues of less than \$1 million. County business patterns indicate there are 3,812 paid employees in the assessment area. By percentage of employees, the largest job categories are healthcare and social assistance (24.4 percent), retail trade (19.3 percent), and manufacturing (13.6 percent). The following table details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area and nonMSA Arkansas as a whole.

Unemployment Levels for the Assessment Area			
Dataset	Time Period (Annual Average)		
	2018	2019	2020 (Jan.–Aug.)
Assessment Area	4.1%	4.2%	7.0%
NonMSA Arkansas	4.3%	4.3%	7.4%

As shown in the table above, unemployment levels in the assessment area have remained slightly lower than in nonMSA Arkansas as whole. As mentioned previously, the rise in unemployment levels in 2020 occurred during the COVID-19 pandemic that affected communities across the nation.

Community Contact Information

For the assessment area, two community contact interviews were completed. Both contacts represented different agencies specializing in affordable housing. Both contacts characterized the economic conditions of the area as declining. The contacts described years of population loss, which has led to a decreasing tax base; lack of jobs in the area, exacerbated by the recent closure of the county hospital; and a lack of transportation and commercial infrastructure. Both contacts stated that most employed county residents work and shop outside the county. This further reduces county revenues (i.e., lower sales tax revenue) and accelerates the declining economic conditions within the county. One contact also mentioned that the area is highly dependent on agriculture, and major commodities include cotton, soybeans, and corn. The contact stated that the current reduction in global trade has decreased revenues of local farmers. While the COVID-19 pandemic has resulted in increased unemployment rates and economic decline across the nation, both contacts indicated that the effects were not as noticeable in the area due to the already depressed state of the economy and low number of jobs.

The contacts described the area’s affordable housing stock as old and in need of structural repairs or upgrades. As such, both contacts stated that home improvement loan products are a significant credit need in the area. Both contacts stated that there is no new construction of affordable housing in the assessment area, and no affordable multi-family or rental housing units. In addition, one contact mentioned that the county needs affordable housing for LMI seniors. For the affordable housing stock that is available, the contacts listed common barriers to LMI homeownership, including difficulty saving for down payments and unexpected home expenses, lack of homeownership counseling and financial literacy assistance in the area, and low credit scores resulting from poor credit histories. Both contacts indicated a need for mortgage products with down payment assistance, and one contact noted that banking products that target LMI individuals (e.g., deposit, loan) and help to encourage financial literacy are a need for the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ARKANSAS

LENDING TEST

The bank’s Lending Test rating in Arkansas is satisfactory. The bank’s overall geographic distribution of loans reflects reasonable dispersion throughout the nonMSA Arkansas assessment area. The overall distribution of loans by borrower’s income profile is considered poor but is given less weight than the geographic distribution, as low loan volumes prevented meaningful analysis of lending to borrowers of different income levels. Low loan volumes are attributable to the declining economic conditions of the area, population loss, lack of available affordable housing, and barriers to homeownership for LMI residents described by community contacts.

Geographic Distribution of Loans

As noted previously, the bank’s Arkansas assessment area consists of Cross County’s six census tracts: two moderate-, three middle-, and one upper-income tract. The bank’s HMDA lending in the assessment area is very low. Therefore, a dispersion analysis was conducted to ensure that the bank’s limited levels of lending reached a substantial portion of the defined assessment area. The results of this analysis revealed that the bank’s HMDA lending adequately served the entirety of the county. Of the assessment area’s six census tracts, only one showed no loan activity during the review period. Again, considering that the lending volumes in this assessment area are very low, this performance was deemed to be a reasonable level of dispersion for this largely rural assessment area.

The following table displays the geographic distribution of 2019 HMDA loans compared to owner-occupied housing demographics for the assessment area and aggregate data. Although the bank’s lending to the assessment area’s moderate-income census tracts is lower than demographic and aggregate comparators, the geographic distribution is considered reasonable. The bank’s performance in this assessment area in 2018, shown in **Appendix F**, includes just six loans with a similar distribution and supports the conclusion that performance is reasonable.

Distribution of 2019 Home Mortgage Lending By Income Level of Geography							
Census Tract Income Level	Bank Loans				% of Owner- Occupied Units	Aggregate HMDA Data	
	#	# %	\$	\$ %		# %	\$ %
Low	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	1	12.5%	38	3.0%	24.4%	21.1%	14.0%
Middle	2	25.0%	399	31.8%	52.8%	35.9%	37.3%
Upper	5	62.5%	816	65.1%	22.7%	43.0%	48.6%
Unknown	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
TOTAL	8	100.0%	1,253	100.0%	100.0%	100.0%	100.0%

There are no low-income census tracts in this assessment area. The bank’s total penetration of moderate-income census tracts by number of loans (12.5 percent) is below the percentage of owner-occupied housing units in moderate-income census tracts (24.4 percent). The bank’s performance in moderate-income census tracts is also below that of other lenders based on aggregate lending data, which indicates that 21.1 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in moderate-income census tracts. While there are gaps between the bank’s performance and the demographic and aggregate figures, the low volume makes it difficult to determine whether the difference is meaningful. Since the bank’s limited lending volume is distributed throughout the assessment area, the overall geographic distribution is considered reasonable.

Loan Distribution by Borrower’s Profile

The bank’s loan distribution by borrower’s profile is poor based on the fact that no loans were originated to low- or moderate-income borrowers in 2018 or 2019. However, low volumes make analyses of demographic and aggregate comparisons less reliable when determining overall performance conclusions, so the loan distribution by borrower’s profile analysis is given lower weight than the geographic distribution analysis in reaching the overall lending test conclusion for this assessment area. Borrowers are classified in low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income as estimated by the FFIEC (\$49,100 for nonMSA Arkansas as of 2019). The following table shows the distribution of HMDA-reported loans by borrower income level compared to family population income demographics for the assessment area. Additionally, 2019 aggregate data for the assessment area is displayed. The bank’s performance in this assessment area in 2018, shown in **Appendix F**, is substantially similar.

Distribution of 2019 Home Mortgage Lending By Borrower Income Level							
Borrower Income Level	Bank Loans				Families by Family Income %	Aggregate HMDA Data	
	#	# %	\$	\$ %		# %	\$ %
Low	0	0.0%	0	0.0%	21.4%	3.6%	1.9%
Moderate	0	0.0%	0	0.0%	16.0%	9.9%	6.3%
Middle	0	0.0%	0	0.0%	20.0%	18.1%	13.9%
Upper	5	62.5%	1,090	87.0%	42.6%	43.3%	49.5%
Unknown	3	37.5%	163	13.0%	0.0%	25.2%	28.4%
TOTAL	8	100.0%	1,253	100.0%	100.0%	100.0%	100.0%

While the borrower’s profile analysis reveals that the bank did not extend any HMDA loans to low- or moderate-income borrowers and is considered poor, the bank’s volume of lending in the assessment area consisted of just eight loans in 2019. As indicated by community contacts, affordable for-purchase housing is scarce, and LMI residents in the economically challenged assessment area have difficulty qualifying for credit. In fact, 2019 aggregate lending included just 54 loans to LMI borrowers. In addition, the bank’s loans to borrowers with “unknown” incomes average about \$60,000 and reflect support of affordable rental housing, which is a need per

community contacts. Since it is difficult to distinguish between percentages calculated from such limited lending by the bank and the aggregate, the distribution of the bank's lending to LMI borrowers is considered poor but given less weight toward overall conclusions than the consideration of the geographic distribution of lending, where dispersion could also be considered. The bank's lending in 2018, shown in **Appendix F**, comprises just six loans with a similar distribution.

COMMUNITY DEVELOPMENT TEST

Evolve Bank demonstrates adequate responsiveness to community development needs within the assessment area, considering the bank's capacity and the need and availability of such opportunities for community development. The bank addressed these needs through community development loans, donations, and services during the review period.

During the review period, the bank extended 12 community development loans totaling \$1.2 million in this assessment area. Three loans had a community development purpose of revitalization and stabilization of LMI areas and/or areas classified as distressed or underserved. The three loans were made to municipalities providing essential services to these geographies. In addition, in response to the Covid-19 pandemic, nine of the loans were PPP loans in LMI geographies totaling \$299,000.

The bank made one donation in this assessment area totaling \$500. There were no additional investments made in this assessment area. Finally, one bank employee utilized their financial expertise to assist one organization that is involved in community services in the assessment area. In total, the bank provided 126 hours of financial services to the organization.

SCOPE OF EXAMINATION TABLES

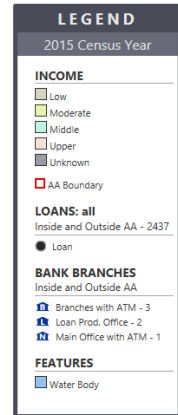
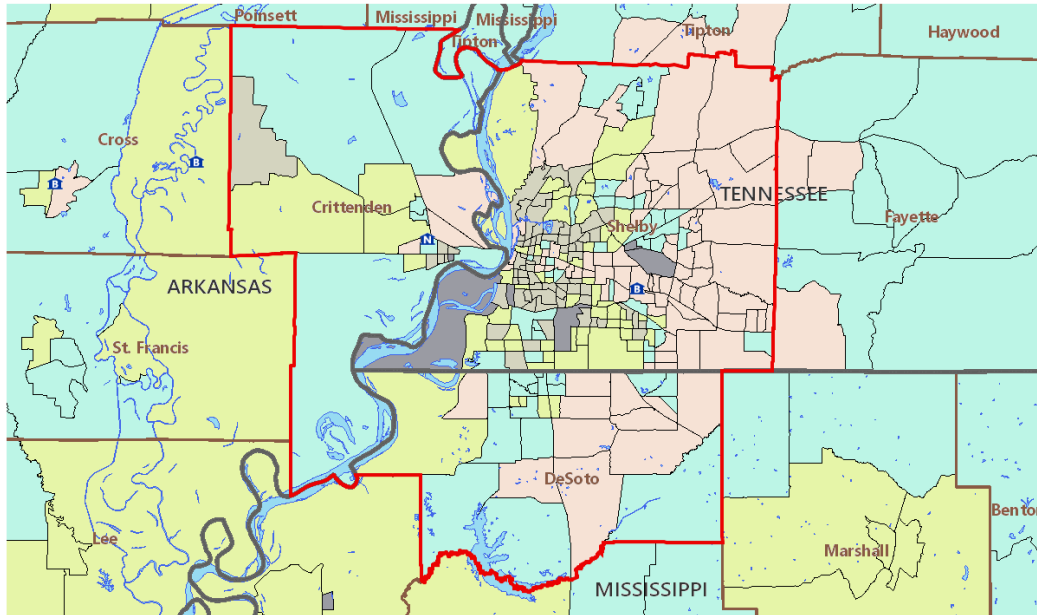
SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	January 1, 2018 – December 31, 2019 for HMDA lending. January 17, 2017 – November 8, 2020 for community development loans, investments, and service activities.		
FINANCIAL INSTITUTION Evolve Bank & Trust West Memphis, Arkansas			PRODUCTS REVIEWED HMDA
AFFILIATE(S) N/A	AFFILIATE RELATIONSHIP N/A		PRODUCTS REVIEWED N/A

ASSESSMENT AREA – EXAMINATION SCOPE DETAILS					
Assessment Area	Rated Area	# of Offices	Deposits (\$000s) (as of 9/30/2020)	Branches Visited	CRA Review Procedures
Memphis Assessment Area	Memphis MSA	2	\$364,591	0	Full Scope
Cross County	Arkansas	2	\$41,236	0	Full Scope
OVERALL		4	\$405,827	0	2 Full Scope

ASSESSMENT AREA(S) MAP DETAILS

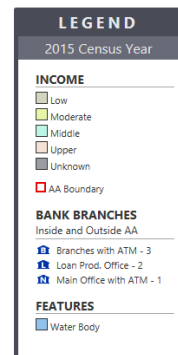
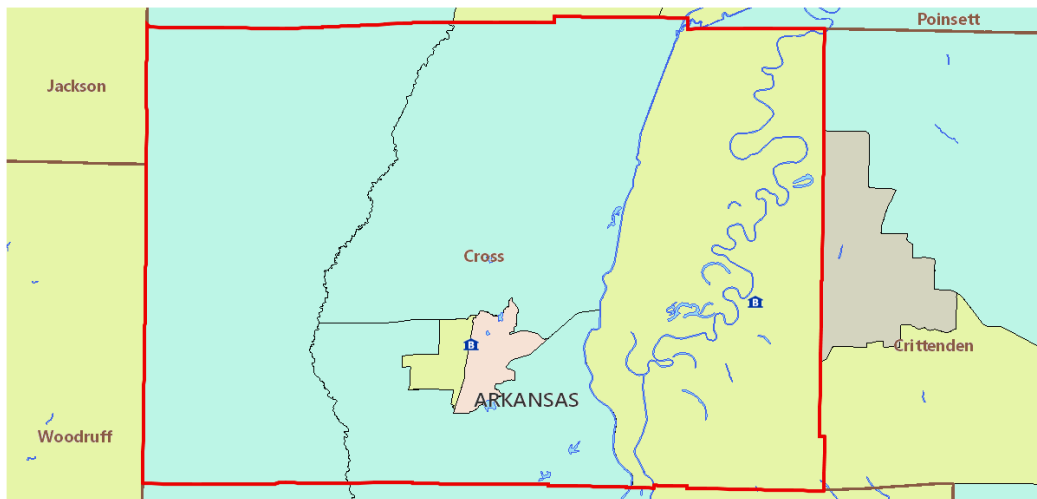
Memphis Assessment Area

Evolve BTC - Memphis, TN 2020
 Memphis, TN-MS-AR Partial MSA AA 2019



Arkansas Assessment Area

Evolve BTC - Memphis, TN 2020
 Cross CO, AR NonMSA AA 2019



**SUMMARY OF STATE AND MULTISTATE
METROPOLITAN STATISTICAL AREA RATINGS**

State or Multistate MSA	Lending Test Rating	Community Development Test Rating	Overall Rating
Memphis MSA	Satisfactory	Satisfactory	Satisfactory
State of Arkansas	Satisfactory	Satisfactory	Satisfactory

2018 LENDING INSIDE AND OUTSIDE OF ASSESSMENT AREA

Lending Inside and Outside of Assessment Areas January 1, 2018 through December 31, 2018						
Loan Type	Inside Assessment Areas		Outside Assessment Areas		TOTAL	
HMDA Loans	275	9.3%	2,683	90.7%	2,958	100%
	\$49,652	7.6%	\$600,731	92.4%	\$650,383	100%

2018 MEMPHIS ASSESSMENT AREA LENDING DISTRIBUTION TABLES

Distribution of 2018 Home Mortgage Lending By Income Level of Geography							
Census Tract Income Level	Bank Loans				% of Owner- Occupied Units	Aggregate HMDA Data	
	#	# %	\$	\$ %		# %	\$ %
Low	16	5.9%	1,784	3.7%	11.6%	4.0%	3.5%
Moderate	32	11.9%	3,227	6.6%	16.4%	10.0%	6.1%
Middle	44	16.4%	6,025	12.4%	21.5%	20.9%	15.1%
Upper	177	65.8%	37,714	77.4%	50.4%	65.1%	75.3%
Unknown	0	0.0%	0	0.0%	0.2%	0.0%	0.0%
TOTAL	269	100.0%	48,750	100.0%	100.0%	100.0%	100.0%

Distribution of 2018 Home Mortgage Lending By Borrower Income Level							
Borrower Income Level	Bank Loans				Families by Family Income %	Aggregate HMDA Data	
	#	# %	\$	\$ %		# %	\$ %
Low	12	4.5%	1,043	2.1%	24.7%	4.4%	1.8%
Moderate	41	15.2%	5,170	10.6%	15.5%	13.2%	8.1%
Middle	68	25.3%	11,959	24.5%	17.1%	19.0%	15.3%
Upper	115	42.8%	26,361	54.1%	42.7%	42.7%	47.2%
Unknown	33	12.3%	4,217	8.7%	0.0%	20.7%	27.7%
TOTAL	269	100.0%	48,750	100.0%	100.0%	100.0%	100.0%

**2018 CROSS COUNTY, ARKANSAS ASSESSMENT AREA
LENDING DISTRIBUTION TABLES**

Distribution of 2018 Home Mortgage Lending By Income Level of Geography							
Census Tract Income Level	Bank Loans				% of Owner- Occupied Units	Aggregate HMDA Data	
	#	# %	\$	\$ %		# %	\$ %
Low	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	1	16.7%	82	9.1%	24.4%	23.1%	14.3%
Middle	3	50.0%	464	51.4%	52.8%	39.9%	37.9%
Upper	2	33.3%	356	39.5%	22.7%	37.0%	47.7%
Unknown	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
TOTAL	6	100.0%	902	100.0%	100.0%	100.0%	100.0%

Distribution of 2018 Home Mortgage Lending By Borrower Income Level							
Borrower Income Level	Bank Loans				Families by Family Income %	Aggregate HMDA Data	
	#	# %	\$	\$ %		# %	\$ %
Low	0	0.0%	0	0.0%	21.4%	3.8%	1.5%
Moderate	0	0.0%	0	0.0%	16.0%	10.1%	6.4%
Middle	0	0.0%	0	0.0%	20.0%	16.6%	13.4%
Upper	5	83.3%	764	84.7%	42.6%	45.3%	50.9%
Unknown	1	16.7%	138	15.3%	0.0%	24.3%	27.7%
TOTAL	6	100.0%	902	100.0%	100.0%	100.0%	100.0%

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.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan 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 on 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 contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- and moderate-income (LMI) individuals; (2) community services targeted to LMI individuals; (3) 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; (4) activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted, within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

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.

Demographics: The statistical characteristics of human populations (e.g., age, race, sex, and income) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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 nonrelatives 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, 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 who 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 income of applicants, the amount of loan requested, and the disposition of the application (e.g., 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 refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope 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 metropolitan area/assessment area.

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An 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. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an 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.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

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 businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were \$1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in 'loans to small businesses' as defined in the Consolidated Reports 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 secured either 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): That is, "small farm loans" are included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Reports 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.

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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