

# **PUBLIC DISCLOSURE**

April 22, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Utah Bank  
Certificate Number: 22738

3826 S 2300 E  
Salt Lake City, Utah 84109

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
San Francisco Regional Office

25 Jessie Street at Ecker Square, Suite 2300  
San Francisco, California 94105

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

**INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING:** This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit (LTD) ratio is reasonable considering seasonal variations and taking into account lending related activities given the institution's size, financial condition, and AA credit needs.
- A majority of small business loans are in the institution's AA.
- The geographic distribution of small business loans reflects excellent dispersion throughout the AA.
- The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among businesses of different revenue sizes.
- The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

**The Community Development Test is rated Outstanding.**

The institution's community development performance demonstrates excellent responsiveness to community development needs in its AA through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's AA.

## DESCRIPTION OF INSTITUTION

First Utah Bank (FUB) is a state-chartered bank headquartered in Salt Lake City, Utah. FUB is controlled by First Utah Bancorporation that is also located in Salt Lake City. The bank does not have any additional subsidiaries or affiliates, and there have been no mergers or acquisitions since the previous evaluation. The bank's last CRA performance evaluation was completed by the FDIC on April 5, 2021. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate FUB's CRA performance from April 17, 2017 to April 5, 2021. Examiners assigned a "Satisfactory" rating to the Lending Test, an "Outstanding" rating to the Community Development Test, and a "Satisfactory" rating for the bank's overall CRA performance.

FUB focuses primarily in commercial loans, which remains unchanged since the previous evaluation. Options of commercial loans include real estate loans, lines of credit, equipment loans, business acquisition loans, and business debt refinance loans. The bank is also a Small Business Administration (SBA) preferred lender and offers SBA 504, SBA 7(a), and SBA working capital loans. In addition to commercial loans, FUB offers construction, multi-family, consumer, agriculture, and home equity lines of credit loans. The bank also provides consumer and commercial money market, checking, and savings accounts.

The bank has six full-service branches located in Salt Lake County and one full-service branch located in Utah County. The branch located in Utah County was opened in October 2021 in an upper-income census tract (CT). The bank has not closed any branches since the previous evaluation. In total, the bank has two branches located in moderate-income CTs, two branches located in middle-income CTs, and three branches located in upper-income CTs. The bank has one ATM located at each branch. ATMs are available 24 hours. In addition, the bank offers mobile and internet banking.

According to the Call Report dated as December 31, 2023, the bank had total assets of \$717.6 million, total loans of \$538.6 million, and total deposits of \$592.7 million.

<b>Loan Portfolio Distribution as of 12/31/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	71,337	13.2
Secured by Farmland	4,032	0.7
Secured by 1-4 Family Residential Properties	14,747	2.7
Secured by Multifamily (5 or more) Residential Properties	13,954	2.6
Secured by Nonfarm Nonresidential Properties	292,308	54.3
<b>Total Real Estate Loans</b>	<b>396,378</b>	<b>73.6</b>
Commercial and Industrial Loans	78,435	14.6
Agricultural Production and Other Loans to Farmers	-	-
Consumer Loans	1,536	0.3
Obligations of State and Political Subdivisions in the U.S.	-	-
Other Loans	6	0.0
Lease Financing Receivable (net of unearned income)	63,861	11.9
Less: Unearned Income	1,604	0.3
<b>Total Loans</b>	<b>538,612</b>	<b>100.0</b>
<i>Source: Call Report. Due to rounding, totals may not equal 100.0%</i>		

FUB is not involved in any financial, legal, or other impediments that would limit the institution's ability to meet the credit needs of its AA.

## **DESCRIPTION OF ASSESSMENT AREAS**

The bank's AA includes two counties: Salt Lake County, which is part of the Salt Lake City, UT Metropolitan Statistical Area (MSA), and Utah County, which is part of the Provo-Orem, UT MSA. Both MSAs are part of the Salt Lake City-Provo-Orem, UT-ID Combined Statistical Area (CSA#482). Since the two MSAs and counties are contiguous and no anomalies in performance existed, examiners combined both counties as one AA for presentation purposes.

The AA has changed due to the addition of Utah County in October 2021, when the bank opened a full-service branch in Lehi, Utah. In addition, the number of CTs within the Salt Lake County changed since the previous evaluation. CTs increased from 212 to 251 as a result of the 2020 U.S. Census, which added additional CT delineations to the county. The current AA contains 407 CTs. The most notable changes in demographics were the increase in the number and percentage of middle-income CTs in the Salt Lake County.

Currently, Salt Lake County includes 251 CTs, out of which 5 are low-income CTs, 56 are moderate-income CTs, 115 are middle-income CTs, 71 are upper-income CTs, and 4 CTs do not have income information available. Utah County includes 156 CTs total, out of which 9 are low-income CTs, 24 are moderate-income CTs, 76 are middle-income CTs, 43 are upper-income CTs, and 4 CTs do not have income information available.

## Economic and Demographic Data

The table below provides select demographics characteristics of the AA using the 2020 U.S. Census and 2023 D&B Data.

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Salt Lake City – Provo – Orem, UT-ID CSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	407	3.4	19.7	46.9	28.0	2.0
Population by Geography	1,844,637	3.1	19.3	47.2	29.7	0.7
Housing Units by Geography	584,638	3.2	22.2	46.9	27.6	0.1
Owner-Occupied Units by Geography	375,637	0.7	15.7	49.5	34.2	0.0
Occupied Rental Units by Geography	179,586	8.1	35.4	42.4	13.8	0.3
Vacant Units by Geography	29,415	4.9	25.5	42.0	27.4	0.2
Businesses by Geography	335,923	2.6	14.8	47.3	34.6	0.6
Farms by Geography	5,454	1.7	15.8	50.1	32.2	0.2
Family Distribution by Income Level	405,202	18.0	18.9	23.5	39.6	0.0
Household Distribution by Income Level	555,223	21.1	17.3	20.6	41.0	0.0
Median Family Income MSA - 39340 Provo-Orem, UT MSA		\$83,669	Median Housing Value			\$341,021
Median Family Income MSA - 41620 Salt Lake City, UT MSA		\$90,360	Median Gross Rent			\$1,168
			Families Below Poverty Level			6.0%

*Source: 2020 U.S. Census and 2023 D&B Data. Due to rounding, totals may not equal 100.0%*

According to the 2023 D&B data, there were 335,923 non-farm businesses operating in the AA. The majority of businesses have under 10 employees (58.7 percent of businesses have 1 to 4 employees, while 36.1 percent of businesses have 5 to 9 employees). In total, 327,316 businesses operate from a single location. Following the Standard Industrial Classification, the largest business concentration is in the service industry. Under the Borrower Profile criterion, examiners analyzed the distribution of small business loans by gross annual revenue (GAR) of the business for 2023 (refer to the Lending Test section).

According to the U.S. Bureau of Labor Statistics, the main non-farm employers in the Salt Lake City area in February 2024 were, trade, transportation, and utilities; professional and business services; government; and education and health services. During the same time period, employers in Provo area were, education and health services; trade, transportation and utilities; professional and business services; and government. Additionally, the AA's unemployment rate has demonstrated signs of strength of the local economy: the unemployment rate in the AA was below the national average and below or equal to the average in the state of Utah during the previous three years.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2021 (%)</b>	<b>2022 (%)</b>	<b>2023 (%)</b>
Salt Lake County	2.8	2.3	2.6
Utah County	2.4	2.1	2.6
State of Utah	2.8	2.4	2.6
National Average	5.4	3.6	3.6

*Source: U.S. Bureau of Labor Statistics*

The Federal Financial Institutions Examinations Council (FFIEC) provides updated median family incomes (MFI) that are used to evaluate the ability of families to, among other things, afford a house.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Provo-Orem, UT MSA Median Family Income (39340)</b>				
2023 (\$106,900)	<\$53,450	\$53,450 to <\$85,520	\$85,520 to <\$128,280	≥\$128,280
<b>Salt Lake City, UT MSA Median Family Income (41620)</b>				
2023 (\$106,300)	<\$53,150	\$53,150 to <\$85,040	\$85,040 to <\$127,560	≥\$127,560

*Source: FFIEC*

### **Competition**

The AA has a heavily competitive market for credit products and financial services. Although opportunities for community development loans, qualified investments, and community development services are present, the number of large financial institutions in the area that compete for community development opportunities limits the bank’s ability to secure these opportunities. According to the FDIC Deposit Market Share data as of June 30, 2023, 51 financial institutions operate 284 branches within the AA. These institutions range from small community banks to larger national financial institutions. FUB is ranked 19<sup>th</sup> with less than 0.1 percent of the deposit market share.

FUB is not required to collect or report small business CRA loan data and has elected not to do so. Therefore, examiners did not compare the bank’s small business lending performance to aggregate CRA data within this evaluation. However, the aggregate CRA data provides an indication of the level of demand for small business loans and the level of competition within the AA. According to the 2021 and 2022 aggregate CRA data, institutions collectively reported, 47,791 and 48,874 small business loans, respectively within the AA. At the time of this examination, the 2023 CRA aggregate data was not available. These figures do not include the number of loans originated by smaller or mid-sized institutions, such as FUB, that are not required to report small business lending data but that operate within the AA. The overall volume of small business lending reflects a highly competitive market.

## **Community Contacts**

Examiners reviewed two existing community contacts included in the FFIEC Community Contact System. Both community contacts are part of economic development institutions. One organization serves Salt Lake County and the other organization serves the Provo-Orem MSA.

The community contacts stated that the main need in the area is affordable housing. In addition, local businesses in the area could benefit from loans. Although one community contact indicated that many start-ups seek investor capital to fund their businesses instead of seeking loans from banks, more traditional businesses still need conventional funding. Furthermore, one of the contacts stated that small businesses also need financial education to become ready to apply for loans.

## **Credit and Community Development Needs and Opportunities**

Based on economic data, information from community contacts, and FUB management, examiners determined that affordable housing and small business lending represent the primary credit needs in the AA.

# **SCOPE OF EVALUATION**

## **General Information**

Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate FUB's CRA performance. The evaluation ranges from the prior evaluation dated, April 5, 2021, to the date of the current evaluation, April 22, 2024. Examiners conducted a full-scope review for the bank's AA.

## **Activities Reviewed**

Examiners only presented lending data for 2023 since the bank does not collect and report CRA data, and management indicated that lending activities for 2023 is an appropriate indicative of the bank's lending performance in 2021 and 2022. Thus, the conclusions presented in the Lending Test section are appropriate for the entire review period.

Examiners used the bank's loan data to select the products to be analyzed. Examiners reviewed small business loans due to the bank's business strategy and lending volume. The bank did not originate any small farm loans in 2023, and all home mortgage loans were either multi-family investment properties or non-consumer purpose loans. Thus, examiners did not analyze small farm loans or home mortgage loans. The bank originated 94 small business loans in 2023, totaling \$31.3 million. Examiners used the universe of loans to analyze AA concentration, geographic distribution, and borrower profile. Examiners used the 2023 D&B data for performance comparison.

Examiners also reviewed all community development activities conducted by the bank between April 6, 2021 and April 22, 2024.



## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

FUB demonstrated reasonable performance under the Lending Test. The bank’s reasonable LTD ratio, a majority of loans originated in the AA, an excellent dispersion of loans throughout the AA, and a reasonable penetration among businesses of different revenue sizes support this conclusion.

### Loan-to-Deposit Ratio

The LTD ratio is reasonable, considering seasonal variations and taking into account lending related activities, given the institution’s size, financial condition, and AA credit needs. The quarter with the lowest ratio was Q3 2021 at 68.3 percent and the quarter with the highest ratio was Q4 2023 at 89.8 percent. Examiners identified one similarly situated institution that operates in and serves the same AA. This institution was selected based on the market served, product offerings, and loan portfolio composition. The bank’s LTD is significantly higher in comparison to the institution for the same 12 quarters.

LTD Ratio Comparison		
Bank	Total Assets as of 12/31/2023 (\$000s)	Average Net LTD Ratio (%)
<b>First Utah Bank</b>	<b>717,616</b>	<b>81.2</b>
Similarly-Situated Institution	870,647	38.4
<i>Source: Call Report 03/31/2021 - 12/31/2023</i>		

### Assessment Area Concentration

The bank originated a majority of its small business loans in its AA by number and by dollar volume. Refer to the table below.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000s)	%	\$(000s)	%	
Small Business										
2023	78	83.0	16	17.0	94	25,410	81.2	5,895	18.8	31,305
<b>Total</b>	<b>78</b>	<b>83.0</b>	<b>16</b>	<b>17.0</b>	<b>94</b>	<b>25,410</b>	<b>81.2</b>	<b>5,895</b>	<b>18.8</b>	<b>31,305</b>
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

## Geographic Distribution

The geographic distribution of small business loans reflects excellent dispersion throughout the AA. Given the percentage of business located in LMI CTs, the bank has limited opportunities to lend to businesses located in those areas, but the bank’s lending operations in LMI geographies still exceeded the percentage of small businesses located within the same area.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Assessment Area: Salt Lake City – Provo – Orem, UT-ID CS</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low					
2023	2.6	4	5.1	2,380	9.4
Moderate					
2023	14.8	14	17.9	3,922	15.4
Middle					
2023	47.3	41	52.6	12,717	50.0
Upper					
2023	34.6	14	17.9	4,157	16.4
Not Available					
2023	0.6	5	6.4	2,234	8.8
<b>Totals</b>					
<b>2023</b>	<b>100.0</b>	<b>78</b>	<b>100.0</b>	<b>25,410</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data; Due to rounding, totals may not equal 100.0%</i>					

## Borrower Profile

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among businesses of different revenue sizes. Although the bank’s lending activities are not aligned with the percentage of businesses with GAR of \$1 million or less, the bank’s performance has improved since the previous evaluation, during which the bank originated 41.9 percent in 2019 and 28.1 percent in 2020 of loans to businesses with GAR of \$1 million or less. It should be noted that D&B data includes all businesses in a given area that voluntarily respond to a survey request, including a large number of very small businesses that have limited or no credit needs from traditional financial institutions. According to the 2023 D&B data, there are 200,235 businesses within the AA that have 4 or fewer employees and may not need traditional credit funding. Lastly, the highly competitive market for financial institutions within the AA further limits the opportunity of the bank to lend to small businesses.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Assessment Area: Salt Lake City – Provo – Orem, UT-ID CSA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000					
2023	93.2	38	48.7	14,220	56.0
>\$1,000,000					
2023	2.0	37	47.4	11,033	43.4
Revenue Not Available					
2023	4.8	3	3.8	157	0.6
<b>Totals</b>					
<b>2023</b>	<b>100.0</b>	<b>78</b>	<b>100.0</b>	<b>25,410</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data; Due to rounding, totals may not equal 100.0%</i>					

### **Response to Complaints**

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

### **COMMUNITY DEVELOPMENT TEST**

The institution’s community development performance demonstrates excellent responsiveness to community development needs in its AA through community development loans, qualified investments, and community development services, as appropriate, considering the institution’s capacity and the need and availability of such opportunities for community development in the institution’s AA.

### **Community Development Loans**

FUB’s level of community development lending represents 6.7 percent of average total assets and 9.7 percent of average net loans since the previous evaluation. This activity reflects a decline in both number and dollar volume from the previous evaluation when the bank originated 884 community development loans totaling approximately \$183.7 million, which represented 42.9 percent of average total assets and 58.5 percent of average net loans. A substantial portion of the community development loans at the previous evaluation was attributed to activity in response to the COVID-19 Pandemic and participation in the SBA’s Paycheck Protection Program (PPP). Specifically, FUB originated 811 SBA PPP loans totaling approximately \$111.3 million at the previous evaluation. Even after taking out the SBA PPP lending, the bank’s prior period CD lending was higher by number and dollar volume compared to the current evaluation period. However, the review period at the last evaluation was based on 48 months of activities vs. the current review period of 36 months. When neutralizing performance by taking out SBA PPP lending and adjust for differences in evaluation months, the bank’s average annual CD lending volume between the two review periods appears to be consistent. In addition, examiners assessed FUB’s performance against that of a similarly-situated financial institution operating in the AA.

FUB’s community development lending performance greatly exceeded that of the comparable institution.

The following tables display the bank’s community development lending by AA, purpose, and year.

<b>Community Development Lending by Assessment Area</b>										
<b>Assessment Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Salt Lake City – Provo – Orem, UT-ID CSA	0	0	1	750	24	28,558	2	313	27	29,621
Statewide or Regional Activities	3	8,000	0	0	4	7,848	1	800	8	16,648
<b>Total</b>	<b>3</b>	<b>8,000</b>	<b>1</b>	<b>750</b>	<b>28</b>	<b>36,406</b>	<b>3</b>	<b>1,113</b>	<b>35</b>	<b>46,269</b>
<i>Source: Bank Data</i>										

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2021 (Partial Year)	0	0	0	0	9	13,814	0	0	9	13,814
2022	1	2,000	1	750	10	15,319	2	965	14	19,034
2023	1	3,000	0	0	9	7,273	1	148	11	10,421
YTD 2024	1	3,000	0	0	0	0	0	0	1	3,000
<b>Total</b>	<b>3</b>	<b>8,000</b>	<b>1</b>	<b>750</b>	<b>28</b>	<b>36,406</b>	<b>3</b>	<b>1,113</b>	<b>35</b>	<b>46,269</b>
<i>Source: Bank Data</i>										

Community development lending activities occurred at a statewide or regional area that includes the institution’s designated AA. FUB entered into annual loan commitments totaling \$8.0 million to fund affordable housing projects benefitting LMI persons and families in the AA and at a statewide or regional area. Below are some notable examples of qualified loans.

- In 2022, the bank originated a \$3.1 million dollar loan to support a local business expansion and to promote economic development.
- In 2023, the bank originated a SBA 504 loan totaling \$2.3 million to a local business expansion to promote economic development.

### **Qualified Investments**

FUB’s total qualified investments and donations represent 0.5 percent of average total assets and 3.5 percent of average total securities since the previous evaluation. The institution made 90 qualified investments totaling approximately \$3.3 million at the previous evaluation. At that time, the institution’s investment performance equated to 0.8 percent of average total assets and 11.3 percent of average total securities. Examiners assessed FUB’s performance against that of a similarly-situated financial institution operating in the AA. FUB’s qualified investments, by

number, greatly exceeded that of the comparable institution while dollar volume was less than the similarly-situated bank. The following tables summarize the bank’s qualified investments, donations, and grants by AA, purpose, and year.

<b>Qualified Investments by Assessment Area</b>										
<b>Assessment Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Salt Lake City – Provo – Orem, UT-ID CSA	5	16	98	687	0	0	0	0	<b>103</b>	<b>703</b>
Statewide or Regional Activities	1	2,900	0	0	0	0	0	0	<b>1</b>	<b>2,900</b>
<b>Total</b>	<b>6</b>	<b>2,916</b>	<b>98</b>	<b>687</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>104</b>	<b>3,603</b>
<i>Source: Bank Data</i>										

<b>Qualified Investments</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	1	2,900	0	0	0	0	0	0	<b>1</b>	<b>2,900</b>
2021 (partial year)	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
2022	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
2023	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
YTD 2024	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
<b>Subtotal</b>	<b>1</b>	<b>2,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2,900</b>
Qualified Grants & Donations	5	16	98	687	0	0	0	0	<b>103</b>	<b>703</b>
<b>Total</b>	<b>6</b>	<b>2,916</b>	<b>98</b>	<b>687</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>104</b>	<b>3,603</b>
<i>Source: Bank Data</i>										

Qualified investment activities occurred at a statewide or regional area that includes the institution’s designated AA during the evaluation period. The institution carried one prior period investment that promoted affordable housing initiatives for LMI persons and families. Below are some notable examples of qualified investments and donations.

- The bank made several donations totaling \$56,000 to a local youth center that provide services to LMI individuals.
- FUB made several large donations to local food banks to address food shortages for LMI families.

**Community Development Services**

FUB’s community development services focused largely on community services benefitting LMI persons and families in the AA. The level of community development services reflects a decrease from the prior evaluation where the bank provided 1,533 hours of community development services. However, as mentioned above, the last evaluation had a much longer evaluation period compared to the current evaluation period. Examiners assessed FUB’s performance against that of

a similarly-situated financial institution operating in the AA. FUB’s community development service hours greatly exceeded that of the comparable institution.

The following tables display the number of community development services by AA, purpose, and year.

<b>Community Development Services by Assessment Area</b>					
<b>Assessment Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
Salt Lake City – Provo – Orem, UT-ID CSA	33	1,122	26	0	<b>1,181</b>
Statewide or Regional Activities	0	55	0	0	<b>55</b>
<b>Total</b>	<b>33</b>	<b>1,177</b>	<b>26</b>	<b>0</b>	<b>1,236</b>
<i>Source: Bank Data; “#” represents service hours</i>					

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2021 (Partial Year)	9	88	0	0	<b>97</b>
2022	12	461	3	0	<b>476</b>
2023	6	475	23	0	<b>504</b>
YTD 2024	6	153	0	0	<b>159</b>
<b>Total</b>	<b>33</b>	<b>1,177</b>	<b>26</b>	<b>0</b>	<b>1,236</b>
<i>Source: Bank Data; “#” represents service hours</i>					

Community development services occurred at a statewide or regional area that includes the institution’s designated AA during the evaluation period. FUB personnel performed 55 hours of community development services benefitting the statewide or regional area. Below are some notable examples of qualified services.

- FUB employees provided several instances of financial education courses for LMI individuals.
- A FUB employee served on the Board of a local health clinic that provides free healthcare to LMI individuals.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## APPENDICES

### INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

#### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## 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.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.



**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

**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.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income 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 non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family 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).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, 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 do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, 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.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**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 Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities 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 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 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area** (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**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 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.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating 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.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.